

H&T GROUP plc

Placing and Admission to AIM

Financial Adviser and Nominated Adviser
Hawkpoint

Broker
Numis Securities



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Application has been made for the whole of the issued and to be issued ordinary share capital of H&T Group plc to be admitted to trading on AIM, a market operated by the London Stock Exchange (“AIM”). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. The rules of AIM are less demanding than those of the Official List. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on 8 May 2006.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the United Kingdom Listing Authority nor the London Stock Exchange has examined or approved the contents of this document. It is emphasised that no application is being made for admission of these securities to the Official List. The Ordinary Shares are not dealt on any regulated market and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange. The London Stock Exchange has not itself examined or approved the contents of this document. **YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.**

This document, which comprises an admission document required by the rules of AIM, has been drawn up in compliance with the AIM Rules. This document does not contain an offer of transferable securities to the public within the meaning of the Financial Services and Markets Act 2000 (as amended) and therefore no prospectus within the meaning of section 85 or pursuant to Part 6 of the Financial Services and Markets Act 2000 (as amended) is required.

The Directors of H&T Group plc, whose names appear on page 3 of this document under the heading “Directors, secretary, registered and head office and advisers”, accept responsibility individually and collectively for the information contained in this document and compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. All of the Ordinary Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared in respect of the Ordinary Shares after Admission.

H&T Group plc

(Incorporated in England and Wales under the Companies Act 1985 – No. 5188117)

Placing of 28,410,449 Ordinary Shares of 5p each at 172p per share

Admission to trading on AIM

Financial Adviser and Nominated Adviser

Hawkpoint Partners Limited

Broker

Numis Securities Limited

SHARE CAPITAL

(immediately following the Placing)

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£2,098,500	41,970,000	Ordinary Shares of 5p each	£1,574,285	31,485,706

In connection with the issue of the Placing Shares, Numis and any of its affiliates, acting as an investor for its own account, may take up or otherwise purchase Placing Shares and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with such issue. Accordingly, references in this document to Placing Shares being issued, offered or placed should be read as including any issue, offering or placement of securities to Numis and any of its affiliates acting in such capacity. Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Hawkpoint and Numis are authorised and regulated by the Financial Services Authority and are acting exclusively for the Company and no-one else in connection with the Placing and Admission. Neither Hawkpoint nor Numis will regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Hawkpoint or Numis respectively, nor for providing advice in relation to the transactions and arrangements detailed in this document or any other matter. Hawkpoint’s responsibilities as the Company’s nominated adviser under the AIM Rules are owed solely to the London Stock Exchange. Neither Hawkpoint nor Numis are making any representation or warranty, express or implied, as to the contents of this document (without limiting the statutory rights of any person to whom this document is issued).

Hawkpoint has been appointed as nominated adviser to the Company. In accordance with the AIM Rules, Hawkpoint has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Hawkpoint for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible.

This document does not constitute an offer to sell or to subscribe for, or the solicitation of an offer to buy or to subscribe for Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distribution in or into any of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan (the “Prohibited Territories”) or their respective territories or possessions. No Ordinary Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or qualified for sale under the laws of any state of the United States of America or under the applicable securities laws of any of the other Prohibited Territories and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, subject to certain exceptions, may not be offered or sold within any of the other Prohibited Territories or to any national, resident or citizen of any of the Prohibited Territories or their respective territories or possessions. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing has been, or will be, lodged with, or registered by, the Australian Securities and Investment Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Ordinary Shares.

Copies of this document will be available free of charge during normal business hours on any day (except Saturdays and public holidays) at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL from the date of this document for the period of one month from Admission.

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DIRECTORS, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Peter Middleton, <i>Non-executive Chairman</i> John Nichols, <i>Chief Executive</i> Laurent Genthialon, <i>Finance Director</i> Stephen Fenerty, <i>Commercial Director</i> Andrew Brown, <i>Non-executive Director</i> Peter McNamara, <i>Non-executive Director</i>
Registered and Head Office	H&T Group plc Times House Throwley Way Sutton Surrey SM1 4AF Tel: +44 (0) 870 9022 600
Company Secretary	Laurent Genthialon
Financial Adviser and Nominated Adviser	Hawkpoint Partners Limited 4 Great St Helen's London EC3A 6HA
Broker	Numis Securities Limited Cheapside House 138 Cheapside London EC2V 6LH
Legal advisers to the Company	Eversheds LLP Senator House 85 Queen Victoria Street London EC4V 4JL
Legal advisers to the Financial Adviser, Nominated Adviser and Broker	Norton Rose Kempson House 35-37 Camomile Street London EC3A 7AN
Auditors	Deloitte & Touche LLP Global House Crawley West Sussex RH10 1DL
Bankers	Barclays Bank plc 27th Floor 1 Churchill Place London E14 5HP

Registrars

Lloyds TSB Registrars
Princess House
1 Suffolk Lane
London
EC4R 0AX

Public relations

College Hill
78 Cannon Street
London
EC4N 6HH

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Admission and commencement of unconditional dealings in the Ordinary Shares on AIM	8.00 a.m. on 8 May 2006 ³
Crediting of Ordinary Shares to CREST accounts	8 May 2006
Definitive share certificates dispatched (where applicable)	22 May 2006

Notes:

1. Each of the times and dates in the above timetable is subject to change
2. All times are London times
3. Not later than 22 May 2006 or such date as Hawkpoint, Numis and the Company may agree

PLACING STATISTICS

Placing Price	172p
Number of New Shares	10,573,469
Number of Placing Shares	28,410,449
Number of Ordinary Shares in issue immediately following Admission	31,485,706
Market capitalisation at the Placing Price	£54.2 million
Estimated net proceeds of the Placing receivable by the Selling Shareholders ¹	£28.6 million
Estimated net proceeds of the Placing receivable by the Company	£14.8 million

Notes:

1. The net proceeds of the Placing receivable by the Selling Shareholders are stated after deduction of commission payable by the Selling Shareholders of approximately £2.0 million and stamp duty of £0.1 million.

KEY INFORMATION

The following summary information does not purport to be complete and should be read in conjunction with the more detailed information appearing elsewhere in this document. Unless otherwise stated, financial information has been extracted without material adjustment from the financial information set out in Part IV of this document and the pro forma financial information set out in Part V of this document. Investors should read the whole of this document and not just rely on key or summarised information.

INTRODUCTION

H&T is the UK's leading pawnbroking business by size of Pledge Book (being the principal amount lent on pawned items). The business was founded in 1897 and now has 69 outlets across the UK and approximately 300 employees.

H&T's outlets offer a range of services including pawnbroking, cheque cashing and unsecured loans. The Company is also a retailer of jewellery, both second-hand items sourced from its pawnbroking operations and a relatively small number of new products bought in for re-sale.

The Company provides lending solutions designed to meet the financing needs of individuals who may not satisfy the lending criteria of high street banks. As these individuals are not adequately serviced by mainstream lenders, the Directors believe that it is an attractive niche market.

The Directors believe that the Company has developed strong client relationships founded on its ability to reach lending decisions quickly and the emphasis on customer service, evidenced by repeat business where a single item may be pawned more than once. New customers are typically sourced through passing trade at the Company's high street and shopping mall locations, introductions from existing clients and advertising.

H&T has a strong financial record both in terms of revenue growth and profitability. Based on audited financial statements, between 2001 and 2005 H&T achieved successive year-on-year growth in both Net Revenues and operating profits. During the same period, Net Revenue grew by 14.1 per cent. on a compound annual basis and EBITDA grew at a rate of 14.9 per cent. on a compound annual basis.

INVESTMENT HIGHLIGHTS

- **Leading positions in an attractive market**

H&T is the UK's largest pawnbroker by size of Pledge Book. The pawnbroking market is highly fragmented with few operators having the scale of operations equivalent to that of H&T. In 2004 OC&C Strategy Consultants, a firm of market consultants, reported that there were nine million people in the United Kingdom outside the standard credit market. They forecast a growth in pawnbroking revenues from an estimated £120 million in 2003 to an estimated £165 million in 2008 for the UK as a whole. The Directors consider the pawnbroking market to be relatively robust with demand driven by customers' short term cash requirements and largely unaffected by changes in the Bank of England base rate.

- **Established business model with strong financial track record**

H&T has an established business model built on strong client relationships founded on high levels of customer service. This is evidenced by the financial track record of the business. In the three years ended 31 December 2005, Net Revenue increased by 22.6 per cent. from £16.4 million to £20.1 million and profitability (defined as earnings before interest, tax and amortisation) increased by 48.3 per cent. from £5.0 million to £7.4 million. Furthermore, the Pledge Book grew by 14.7 per cent. from £21.3 million to £24.4 million over the same period.

- **Significant growth potential**

The Directors believe there is a significant opportunity to expand the business beyond its current core geographic concentrations around Greater London, the West Midlands, North West England and

Scotland. As well as expanding geographical coverage by opening new outlets, the Directors anticipate further growth opportunities through expansion of the product range and growth in existing products. The Company may also make selective acquisitions to expand the number of outlets.

- **High barriers to entry**

The Directors believe that success in H&T's marketplace is dependent on a combination of specific skills and characteristics which cannot easily be replicated by new entrants. These include a detailed understanding of the pawnbroking business, the ability to identify appropriate new sites, the training and retention of suitably skilled employees, as well as requiring significant capital resources.

- **Experienced management team**

H&T's management team has extensive knowledge and experience of the non-standard credit market. The management team has a proven track record in designing and launching new lending products, as well as identifying and implementing strategic initiatives to increase the scale and profitability of the core business.

- **Effective risk management**

H&T has an established culture of risk management built around a documented lending process, strictly monitored and supplemented by an internal audit function. Risk management policies and procedures specific to each product are documented and reinforced through training.

STRATEGY FOR GROWTH

H&T's objective is to capitalise on its position as one of the UK's largest pawnbrokers. It intends to continue growing the business through expanding its geographical footprint, establishing recently introduced products, developing new products and services and rolling-out a new store format.

Expand geographical footprint

The Company intends to continue to expand its geographical footprint by adding approximately 30 stores over the next three years. The Company mainly prioritises areas with an appropriate demographic profile which are currently underserved by other pawnbrokers. In such areas, H&T aims to open new stores (known as "greenfield sites") by identifying suitable high street and shopping mall locations. The Company aims to select "greenfield sites" which are capable of returning a small positive contribution in the second year of opening. The Directors will also consider expanding the estate through acquisition.

Notable areas for further expansion include the North East, South East, South Wales and the East Midlands.

Establish recently introduced products and services

Since 2004 H&T has introduced the Kwikloan product and pre-paid debit cards. The Directors believe that these products have significant potential and, consequently, one of the Company's objectives is to promote their wider adoption across its customer base.

Develop new products and services

H&T has a track record for developing new products. An element of the growth strategy is to continue to introduce new products to attract new customers and provide additional services to the existing customer base.

New store format

During 2005 the Company opened its first store under its proprietary Get>Go™ format. Get>Go™ is independently branded and focuses on cheque cashing and other financial services and does not currently offer pawnbroking. This is a new format for the Company and it proposes to open a further store under this brand by the end of 2006. Subject to satisfactory performance, the Company intends to expand the Get>Go™ format.

SUMMARY TRADING RECORD

H&T's financial record for the three years ended 31 December 2003, 2004 and 2005 which has been extracted, without material adjustment, from the accountants' report contained in Part IV of this document, and which should be read in conjunction with the full text of this document, is as follows:

	<i>Years ended 31 December</i>		
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Pledge Book (as at year end)	21,257	22,313	24,378
Pawn Service Charge	11,663	12,975	14,258
Retail	3,370	3,738	3,561
Scrap	213	130	484
Disposition	3,583	3,868	4,045
Other financial services ⁽¹⁾	1,139	1,556	1,759
Total Net Revenues	16,385	18,399	20,062
Profit before interest and taxation	4,482	5,001	6,606

(1) *Other financial services includes cheque cashing, pay day advances, Kwikloan and pre-paid debit cards.*

COMMENTARY ON SUMMARY TRADING RECORD

H&T's primary historical source of income has been the Pawn Service Charge ("PSC"), principally comprising interest on loans redeemed or renewed, plus auction profit or loss, less any auction commissions payable, less surplus payable to the customer. In recent years there has been increased management effort on the retail offering and non pawnbroking activities, including cheque cashing and pay day advances.

PSC revenue has grown at a CAGR of 10.6 per cent. from the year ended 31 December 2003 to the year ended 31 December 2005. This has been driven by general growth in lending, with both average loan values and interest rates increasing. Over the same period, the Pledge Book has grown by 7.1 per cent. CAGR, from £21.3 million to £24.4 million. This growth has been due primarily to an increase in the number of loans outstanding and an increase in average loan value, partially offset by a reduction in redemption rates.

Whilst retail margins have remained consistent over the period, there was a fall in gross retail revenues in 2005 due to generally difficult high street trading conditions. Retail performance in 2005, together with a higher level of forfeited goods in absolute terms (due to growth in the loan book and a reducing level of redemption), led to an increase in amounts of inventory scrapped during 2005.

Net Revenues from other financial services grew at a CAGR of 24.3 per cent. between 2003 and 2005.

H&T's store portfolio increased by 21 sites from January 2003 to December 2005, of which 10 were greenfield sites and 11 resulted from acquisitions.

HISTORY

H&T's business was established in 1897.

In 1992, when it had 27 stores, H&T was acquired by Cash America Inc. Following this change of ownership H&T continued to grow both in terms of number of stores and range of products and services offered. Under the Cash America ownership, H&T began providing cheque cashing and pay day advance services. In 2001 the Company embarked on a programme to improve its retail offering, investing in extensive refurbishment and rebranding of its stores to make them more appealing from a retail perspective.

In September 2004 a management team led by John Nichols and backed by funds managed by Rutland Partners undertook a management buy-out of the H&T business. Since then, the Company has added to the depth of the management team, appointing a new Finance Director and Commercial Director, and successfully implementing a number of strategies to improve the performance of its business, including:

- *expansion of geographical footprint:* H&T has added 12 stores since the time of the Buy-Out;
- *introduction of new products and a financial services store format:* the Company has continued to expand its product offering adding a new store format (Get>Go™), rolling out the Kwikloan product to all stores, and being the first national chain to provide the CashPlus pre-paid debit card; and
- *cost control:* cost management has been an integral part of the Company's strategy and a number of initiatives have been undertaken across the business in order to improve efficiency and profitability.

CURRENT TRADING AND PROSPECTS

Since 31 December 2005 H&T has continued to perform well with all revenue lines ahead of the same period last year and total net revenues performing in line with Directors' expectations.

Since the Buy-Out H&T has added 11 pawnbroking stores which have been well received in their local markets with their Pledge Books growing in line with the Directors' expectations.

The Directors have also been encouraged by the performance of the first Get>Go™ store format which opened in Bury in November 2005 and a second Get>Go™ store opening is planned for later in the year.

Overall the Directors believe that the Company is well positioned to capitalise on the opportunities in its marketplace and they view the financial prospects for the current year with confidence.

DIVIDENDS

The Directors intend to pay a dividend of approximately 3p per Ordinary Share in respect of the financial year ending 31 December 2006. The Directors intend this to be declared as a final dividend and be paid in April 2007.

Thereafter, the Directors intend to adopt a progressive dividend policy which will take into account the Company's capital requirements, earnings and cash flow whilst maintaining a dividend cover of at least two times. For the financial years ending 31 December 2007 onwards, the Directors intend that interim and final dividends in respect of each year ending 31 December will be paid respectively in October of that year and April of the following year in the approximate proportions of respectively one-third and two thirds of the total dividend for the year.

REASONS FOR ADMISSION AND USE OF PROCEEDS

The Placing and Admission will provide a market and a value for the Ordinary Shares which the Directors believe will, in conjunction with the Share Option Schemes, help the Group to continue to attract and retain high calibre employees.

The Directors believe that, as a publicly quoted company, H&T will have further access to capital to assist the continued growth of the business.

In addition, the Directors believe that the Placing will raise the status and market profile of the Group and promote greater awareness of the H&T brands.

The proceeds of the placing of the New Shares will be used in the refinancing of the Group and the repayment of the Loan Notes.

SUMMARY OF THE PLACING

The Placing comprises an offer by the Company of 10,573,469 New Shares to raise gross proceeds of approximately £18.2 million and the sale of, in aggregate, 17,836,980 Existing Shares by the Selling Shareholders. The New Shares will represent approximately 33.6 per cent. of the issued ordinary share capital of the Company immediately following Admission.

Numis has agreed to use reasonable endeavours to procure places in accordance with the terms of the Placing Agreement (further details of which are set out in Part III, and paragraph 7 of Part VI, of this

document). The Directors, certain employees participating in the Placing, and the Selling Shareholders have entered into lock-up arrangements with Numis and Hawkpoint. Approximately 10 per cent. of the Ordinary Shares will be subject to such lock-up arrangements following Admission.

Further details of the Placing are set out in Part III and paragraph 7 of Part VI this document.

RISK FACTORS

Risk factors in relation to the Group's business and financial condition, its industry and markets, the economic environment and an investment in the Ordinary Shares are set out in Part II of this document.

PART I

INFORMATION ON THE GROUP

Unless otherwise stated, financial information has been extracted without material adjustment from the financial information set out in Part IV of this document and the pro forma financial information set out in Part V of this document. Investors should read the whole of this document and not just rely on key or summarised information.

1. INTRODUCTION

H&T is the UK's leading pawnbroking business by size of Pledge Book. The business was founded in 1897 and now has 69 outlets across the UK and approximately 300 employees.

The Company's core business remains pawnbroking although as the business has grown, it has increased the revenue derived from other financial services including cheque cashing and unsecured loans. The Company is also a retailer of jewellery, second-hand items sourced from its pawnbroking operations and a relatively small number of new products bought in for re-sale.

The Company provides lending solutions designed to meet the financing needs of private individuals who may not satisfy the lending criteria of high street banks. The Company targets a customer base of borrowers who are precluded from accessing more traditional forms of finance, offering such customers a facility to borrow money in a way which is quick and convenient and which demands neither a bank account nor arrangement fees.

The Directors believe that the Company has developed strong client relationships founded on its ability to reach lending decisions quickly and the emphasis on customer service, evidenced by repeat business where a single item may be pawned more than once. New customers are typically sourced through passing trade at the Company's high street and shopping mall locations, introductions from existing clients and advertising.

The Company deals principally with gold and, occasionally, diamond jewellery. The Directors believe that these commodities do not suffer significantly from obsolescence or degradation. While the vast majority of customers do redeem or renew their pledge, these items are readily marketable, straightforward to value and realisable in the second hand and scrap markets.

H&T has a strong financial record both in terms of revenue growth and profitability. Based on audited financial statements, between 2001 and 2005, H&T achieved successive year-on-year growth in both Net Revenues and operating profits. During the same period, Net Revenues grew by 14.1 per cent. on a compound annual basis and EBITDA by 14.9 per cent. on a compound annual basis.

H&T has obtained debt facilities which are conditional upon, *inter alia*, Admission (for further details see paragraph 7 of Part VI of this document). The Directors believe that these funds are sufficient for the Company's current requirements.

2. HISTORY

H&T's business was established in 1897.

In 1992, when it had 27 stores, H&T was acquired by Cash America Inc. Following this change of ownership H&T continued to grow both in terms of number of stores and range of products and services offered.

Under the Cash America ownership H&T began providing cheque cashing and pay day advance services. In 2001 the Company embarked on a programme to improve its retail offering, investing in extensive refurbishment and rebranding of its stores to make them more appealing from a retail perspective.

In September 2004 a management team led by John Nichols and backed by funds managed by Rutland Partners undertook a management buy-out of the H&T business. Since then the Company has added to the depth of the management team, appointing a new Finance Director and Commercial Director, and successfully implementing a number of strategies to improve the performance of its business, including:

- *expansion of geographical footprint:* H&T has added 12 stores since the time of the Buy-Out;
- *introduction of new products and a financial services store format:* the Company has continued to expand its product offering adding a new store format (Get>Go™), rolling out the Kwikloan product to all stores, and being the first national chain to provide the CashPlus pre-paid debit card; and
- *cost control:* cost management has been an integral part of the Company's strategy and a number of initiatives have been undertaken across the business in order to improve efficiency and profitability.

3. THE PAWNBROKING MARKET

The pawn cycle

The "pledge"

A customer will enter a store and offer the pawnbroker either a single item or a group of items as security, known as a "pledge", for a loan. The pawnbroker will value the pledge and, providing the level of security is adequate, will enter into a loan agreement which has a typical term of six months. This loan agreement is governed by the Consumer Credit Act.

The loan agreement carries an interest charge which accrues monthly and, in the case of H&T, currently varies between 7 and 9 per cent. per month dependent on the location of the store and local competition.

Outcomes of the pawnbroking contract

During the life of the loan agreement, the pledge can be either:

- *redeemed:* the customer repays the principal together with interest accrued on the loan; or
- *renewed:* the customer pays the interest and renews the loan for a further term under a new contract; or

If the customer does not return to repay the loan, the loan is forfeited and the pledge becomes available to the pawnbroker for disposition.

The disposition process is described below under the paragraph headed "Regulation".

The market

In 2004 OC&C Strategy Consultants, a firm of market consultants, reported that there were nine million people in the United Kingdom outside the standard credit market. They forecast a growth in pawnbroking revenues from an estimated £120 million in 2003 to an estimated £165 million in 2008 for the UK as a whole. The Directors consider the pawnbroking market to be relatively robust with demand driven by customers' short term cash requirements and largely unaffected by changes in the Bank of England base rate.

The National Pawnbroking Association estimates that there are approximately 800 pawnbroking stores in the UK. The market is highly fragmented with only four companies in the sector operating more than 20 stores.

Regulation

The pawnbroking business is regulated by the Consumer Credit Act. This legislation, *inter alia*, requires a pawnbroker to hold a consumer credit licence which is currently renewable every five years. Pawnbroking is also subject to regulation by the OFT.

The Company is also registered with the Financial Services Authority in respect of creditor insurance provided on the Kwikloan product, as an authorised representative of London General Insurance Limited.

There is a prescribed format for fixed sum loan agreement and pawn receipt. The form and content of advertisements, in respect of regulated services, issued by pawnbrokers are also controlled.

The Consumer Credit Act aims, *inter alia*, to protect the rights of pawnbroking customers when a pledged item is forfeited. The Consumer Credit Act makes a distinction between pledges where the loan advanced is less than or equal to £75 and those where the loan advanced is greater than £75.

Pledges for loans of less than or equal to £75 become the property of the pawnbroker when forfeited, allowing the item to be sold so that the pawnbroker can recover the principal lent and accrued interest. The pawnbroker also retains any surplus in value over the principal lent and accrued interest.

Pledges for loans over £75 remain the property of the customer until sold. The Consumer Credit Act stipulates that these items must be disposed of at a fair market value and settled with the customer receiving any net disposal proceeds, after accounting for the expenses of sale as well as the principal lent and accrued interest (the "Surplus").

It is accepted in the pawnbroking industry that a fair market value is delivered by public auction, with items not sold transferring to the pawnbroker. The Company settles any Surplus with the customer based on the net proceeds if the item is sold, or the reserve amount if it does not sell. H&T always uses the public auction method in the first instance for pledges with a value in excess of £75 to ensure a fair market value is set.

If the loan value is more than £100, advance notice of the sale has to be given to the customer and in all cases the customer has to be advised of the sale, its proceeds and expenses incurred.

In the event that the proceeds from the Disposition do not cover the outstanding debt the pawnbroker has the right to recover the excess from the customer, although in practice H&T does not pursue this debt, and the Directors are not aware of any other major pawnbroker which does.

4. BUSINESS OVERVIEW

H&T is the UK's leading pawnbroking business by size of Pledge Book.

The Company provides lending solutions designed to meet the financing needs of individuals in the non-standard credit population. The Directors believe this is an attractive marketplace that is not adequately serviced by mainstream lenders and, as such, that H&T provides a valuable source of credit to individuals in this part of the market.

H&T has a diversifying product portfolio with its core pawnbroking activities being supplemented by activities such as cheque cashing, pay day advances, unsecured lending, jewellery retail and pre-paid debit cards.

Pawnbroking

Pawnbroking is the largest revenue contributor within H&T. As at 31 December 2005, the Company had a Pledge Book of £24.4 million. Over 98 per cent. by value of H&T's pledges are secured against gold and diamond jewellery.

H&T's lending decisions are based on an assessment of the value of the item pledged and careful consideration of the customer's lending history.

H&T has a high proportion of repeat customers in its stores. During December 2005, over 85 per cent. of customers had pledged another item in the previous twelve months.

For the three months ended 31 March 2005 by value approximately 47 per cent. of items pledged to H&T were redeemed (after an average of 3.3 months), 31 per cent. of pledges were renewed (after an average of 6.4 months) and 22 per cent. were forfeited (after an average of 8.7 months).

Pawn Service Charge

Pawn Service Charge ("PSC") revenue has consistently been the major component of H&T's Net Revenues, accounting for £14.3 million, or 71 per cent. of overall Net Revenues in 2005.

PSC principally comprises interest on loans, plus auction profit or loss, less any auction commissions payable and less Surplus payable to the customer. Auction profits or losses typically account for only a very small proportion of the PSC.

The level of PSC is affected by a number of factors including:

- the growth in the overall Pledge Book (being a function of number of pledges and average size of pledges);
- the average interest charge on a pledge loan; and
- the pledge redemption rate, being the rate at which pledge contracts are renewed or redeemed.

The average interest charged in 2005 on pledges across H&T's outlets was approximately 7.1 per cent. per month. On redemption, interest is payable for each month a loan is outstanding including a full monthly charge for any part completed month. In the last couple of years H&T has implemented a small increase in the interest rate charged in selected stores across the store portfolio and there has also been a small decline experienced in the redemption rate.

In 2005, 18 per cent. of items, by value, were sold at auction, 44 per cent. were sold via retail and 38 per cent. were scrapped. Auction income and expenditure are included in the PSC revenue. The remainder of the process is termed "Disposition" by the Company and is explained below.

Disposition

Disposition revenues include retail sales and the proceeds from scrap.

Retail

Retail sale is the most common method of Disposition, representing 44 per cent. of forfeited items by value. For the year ended 31 December 2005, retail Net Revenues were £3.6 million, accounting for 17.7 per cent. of the Company's overall Net Revenues. Net Revenue from retail is expressed as the proceeds from the sale of an item less the cost of the item which, in the case of forfeited items, is deemed to be the pledge value, less other direct costs.

H&T retails second hand jewellery from 67 of its 69 stores. All new pawnbroking stores now have a dedicated retail display window with most outlets also having an internal display and a separate retail counter. Prior to re-sale, forfeited jewellery is assessed and, where appropriate, reconditioned. Although the majority of items retailed (approximately 94 per cent. in 2005) are sourced from pawnbroking operations, a small percentage (approximately 6 per cent. in 2005) is new stock, acquired from suppliers and used to expand and balance the product range in each store.

The Directors believe that retail profitability is optimised through the lending decision process, the mix of goods offered for retail and by maintaining competitive pricing compared with other high street retailers. Despite this, prices quoted are typically significantly in excess of the aggregate value of the forfeited pledge plus the typical six months accrued interest. The Directors believe that there may be an opportunity to improve the performance of the retail business further through additional sales training of staff and improving window display design.

During 2005 the average single item retail value was approximately £49, with an average gross profit margin (being Net Revenues divided by sales) of 41 per cent. Consistent with the wider retail sector, the retail business experiences seasonality over the Christmas period, with approximately 35 per cent. of sales achieved in the fourth quarter of the year.

Scrap

For the year ended 31 December 2005, scrap Net Revenues were £0.48 million being approximately 2.4 per cent. of overall Net Revenues. Despite the relatively small contribution to Net Revenue, scrap is an important part of the Company's range of inventory management tools.

Net Revenues from scrap are expressed as proceeds from scrap less the pledge value of the item and associated disposition cost.

Cheque cashing and pay day advances

Cheque cashing and pay day advances contributed approximately nine per cent. of the Company's Net Revenues in the year ended 31 December 2005.

Cheque cashing is the provision of cash in exchange for a cheque payable to a customer drawn on a third party. The Company charges a commission fee based on the face value of the cheque for this facility. During 2005 the average value of cheques cashed was £356, attracting an average fee of £23. H&T cashed in excess of £27 million of cheques in 2005.

A pay day advance is provided to a customer seeking cash in advance of receipt of wages. The customer is required to provide evidence of employment and the level of their income to take advantage of this facility. Customers may have up to £750 of pay day advances outstanding at any one time. The average pay day advance during 2005 was £365, with the Company earning an average fee of £47.

Until January 2006 the majority of the underwriting of H&T's cheque cashing and pay day advances was provided by The Money Shop which assumed default risk conditional on certain customer acceptance procedures being appropriately applied. H&T brought this aspect of the business in-house from January 2006, assuming full risk on the default of these advances but also retaining the full commission.

Kwikloan

H&T identified the need for an unsecured loan product with a longer repayment period than the pay day advance loan. The Company therefore developed and launched a new product, "Kwikloan", under which up to £500 may be lent, repayable in 12 monthly direct debit instalments. Higher advances are possible to allow existing pay day advance customers to switch to the Kwikloan product.

This product is still at an early stage of its life; the Kwikloan portfolio was £0.16 million as at 31 December 2005 accounting for 0.65 per cent. of the Company's Kwikloan and pledge portfolio at 31 December 2005. In 2005 0.4 per cent. of the Company's Net Revenues were represented by the Kwikloan product.

Pre-paid debit cards

In December 2005 H&T launched the CashPlus pre-paid debit card supplied by Advanced Payment Solutions Limited in conjunction with MasterCard and Cirrus. This pre-paid debit card can be purchased from any H&T outlet, with H&T earning a commission on the retail price. The card may then be credited and subsequently topped up with cash at H&T stores, with the Company earning a commission on the amount credited. This card can be used at any retailer or ATM where MasterCard and Cirrus are accepted. For those without access to credit card finance the pre-paid debit card has the benefit of global acceptance through MasterCard and Cirrus without the possibility of incurring late payment fees, interest, or of overspending. The product's chip and PIN protection also provides an otherwise unattainable level of secure portable finance to those without credit or traditional debit cards.

The Directors are encouraged by the uptake of the pre-paid debit cards and believe that the product represents a significant opportunity for future growth.

Get>Go™ new store format

H&T's Get>Go™ store concept is focused on cheque cashing, pay day advances, other unsecured loans and pre-paid debit cards, with the potential to add further financial services products, including pawnbroking, in the future. The Company has opened a trial store in Bury which is performing in line with expectations. The Directors plan to continue to roll out the new store format by opening a new store at a "greenfield site" by the end of 2006.

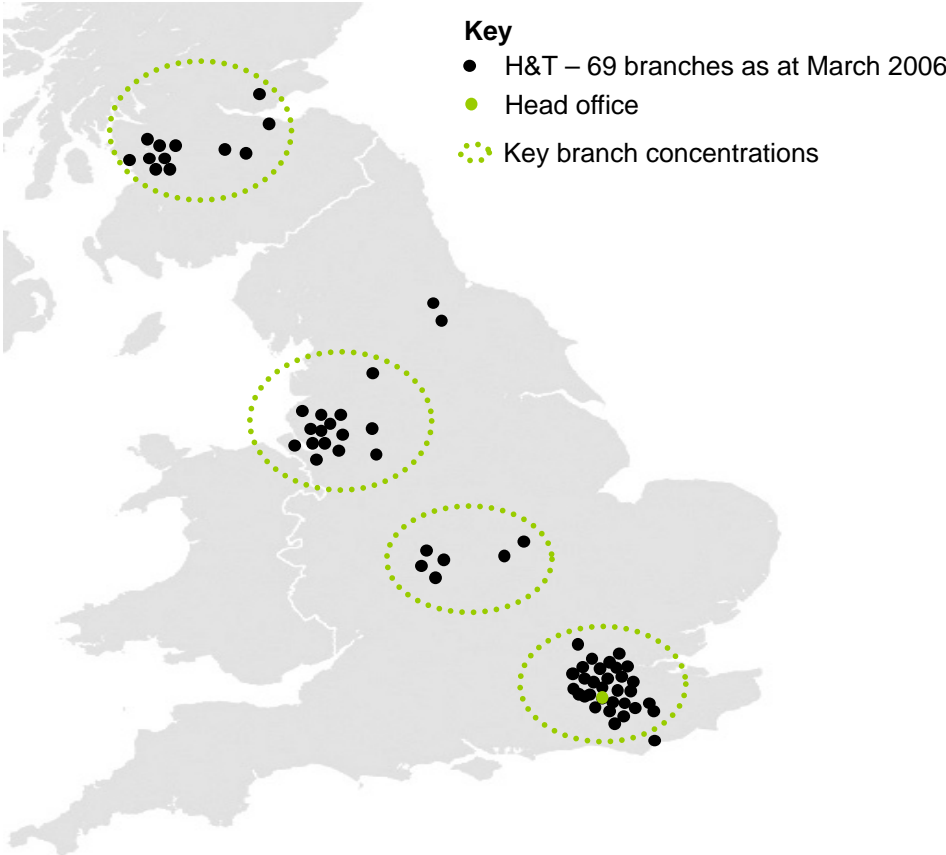
5. STORE PORTFOLIO, MARKETING AND INFRASTRUCTURE

Store portfolio

As at 31 December 2004 H&T operated 59 stores. During 2005 a further nine stores were added, comprising eight pawnbroking units and a dedicated cheque cashing unit operating under the new Get>Go™ brand. In 2006, one additional store has already opened and five further sites have been identified and are in varying stages of negotiation. The Directors are also currently pursuing other locations.

The stores are generally situated in locations which are easily accessible for H&T’s customers. There is a high concentration of stores (29 in total) within the M25 with the remainder in clusters around the West Midlands, the North West and Scotland.

The map below illustrates the geographical distribution of the Company’s estate:



H&T’s core store activities are currently co-ordinated by eight area managers under the guidance of an operations controller.

Marketing

The Directors believe that footfall is an important factor in attracting new customers and an important determinant when selecting appropriate locations for new stores. H&T has conducted some direct marketing activities, advertising in the press, radio and also leaflet distribution.

Infrastructure

Head office

The head office is located in Sutton, Surrey, where the Company employs 24 full time equivalent staff fulfilling management, operations, accounts, IT, property, marketing, HR and training and administration roles.

Jewellery centre

The jewellery centre is H&T's in-house stock refurbishment and distribution function and comprises 12 full time employees including a workshop and general administration.

The centre handles all forfeited items and also deals with any new stock bought to supplement the range.

Loan centre

The loan centre, based in Liverpool, is overseen by the Commercial Director and comprises a manager and assistant manager who both have several years of industry experience. The Company intends to increase loan centre staff to 12 full time equivalent employees in order to support the anticipated growth of the business.

The loan centre deals with Kwikloan administration, cheque authorisation and bad debt collection.

The majority of third party cheques cashed are authorised in-store with the assistance of the point of sale system. Approximately 20 to 25 per cent. of all third party cheques are referred to the loan centre for authorisation. Bad debts from Kwikloan, cheque cashing and pay day advances are collected using a combination of telephone calls and letters. When required, third party lawyers are instructed to take legal action to recover debts.

Internal audit

The internal audit team comprises three full-time employees and one part-time employee who, collectively, have over 125 years of experience in the pawnbroking industry.

Regular meetings are held with the Finance Director to discuss any exceptions noted in the internal store audits conducted in the previous week. The Company aims to subject every store to a full audit at least twice a year, with reporting on an exceptional basis. Store audits may also be conducted after a change in store management. In addition, internal audit also investigates and reports on *ad hoc* requests from the operations controller or the Board.

Security

H&T employs a part time security consultant who has operated in the pawnbroking industry for many years, to manage in-store security. He is responsible for the security assessments in all stores to ensure that all policies, procedures and physical security measures are adhered to.

6. COMPETITORS

With only four companies having more than 20 stores, from a National Pawnbrokers Association estimate of around 800 stores nationwide, the pawnbroking market is highly fragmented.

Ranked by size of Pledge Book, H&T is the market leader with a Pledge Book of £24 million as at 31 December 2005, ahead of Albermarle and Bond Holdings plc which had a Pledge Book of £11 million as at 30 June 2005 and Herbert Brown and Son Limited with a Pledge Book of £5 million at 31 March 2005 (Albermarle and Bond and Herbert Brown figures are as at the latest dates for which information is publicly available).

H&T targets a customer base of borrowers who are precluded from accessing more traditional forms of finance, including mainstream banking and alternative lenders. However, H&T also faces competition from two other types of related businesses:

- newer, more retail-focused offerings such as Cash Generators and Cash Converters brands, which specialise in 'buy-back' arrangements and, consequently, represent an alternative source of funds for customers seeking to raise finance using their possessions as security. These businesses also typically allow customers to raise finance on a wider range of goods than pawnbrokers; and
- providers of alternative credit services with less emphasis on the pawnbroking services, such as The Money Shop brand.

7. STRATEGY FOR GROWTH

H&T's objective is to capitalise on its position as one of the UK's largest pawnbrokers. It intends to continue growing the business through expanding its geographical footprint, establishing recently introduced products, developing new products and services, and rolling-out a new store format.

Expand geographical footprint

The Company intends to continue to expand its geographical footprint by adding approximately 30 stores over the next three years. The Company mainly prioritises areas with an appropriate demographic profile which are currently underserved by other pawnbrokers. In such areas, H&T aims to open new stores (known as "greenfield sites") by identifying suitable high street and shopping mall locations. The Company aims to select "greenfield sites" which are capable of returning a small positive contribution in the second year of opening. The Directors will also consider expanding the estate through acquisition.

Notable areas for further expansion include the North East, South East, South Wales and the East Midlands.

Establish recently introduced products and services

Since 2004, H&T has introduced the Kwikloan product and pre-paid debit cards. The Directors believe that these products have significant potential and consequently one of the Company's objectives is to promote their wider adoption across its customer base.

Develop new products and services

H&T has a track record for developing new products. An element of the growth strategy is to continue to introduce new products to attract new customers and to provide additional services to the existing customer base.

New store format

During 2005 the Company opened its first store under its proprietary Get>Go™ format. Get>Go™ is independently branded and focuses on cheque cashing and other financial services, and does not currently offer pawnbroking. This is a new format for the Company and it proposes to open a further store under this brand by the end of 2006.

Subject to satisfactory performance, the Company intends to expand the Get>Go™ format.

8. CREDIT RISK MANAGEMENT

The key commercial control of the business is the lending procedure, the effectiveness of which is central to the financial performance of the Company. Lending decisions are assisted by a point of sale system which calculates a lending range using specific details of the pledge item, such as type, condition, weight and hallmark. All staff receive training on recognition of hallmarks, acid testing of gold and diamond identification (visual and electronic testing) to ensure appropriate valuation of items.

Staff use the point of sale system, their jewellery knowledge and the lending history of the customer to make the lending decision. Staff also use their own discretion in determining whether or not to grant a loan. As well as initial and on-going training, the internal control environment is supported by the internal audit function.

The key considerations when making the lending decision are:

- the item value in terms of both retail and scrap value. This is critical as it represents the security of the pledge;
- the probability that the customer will redeem the item; and
- the amount which the customer wants to borrow.

The following internal procedures are designed to provide safeguards on lending decisions:

- any pledge greater than £500 must be authorised by the store manager using a PIN on the point-of sale system; and
- any pledge greater than £1,000 must be authorised by the area manager.

In principle, given the underlying security, credit risk in pawnbroking is substantially lower than for normal lending businesses.

There are detailed procedures in place to ensure ownership of the asset and a proper valuation. All new pawnbroking customers are required to provide proof of address (e.g. a utility bill).

Additionally, the Company has a designated money laundering reporting officer and all staff are made aware of the necessary procedures covering regulated services.

Cheque cashing

The Company has detailed procedures in place regarding the proper identification of a customer, visual analysis of the cheque and the use of the point of sale system.

The Company is registered as a Money Service Business (MSB) with HMRC and all new customers for the cheque cashing service must register and provide suitable identification in accordance with the “Know Your Customer” requirements, including proof of address and proof of identity.

These requirements and the risk management are initially managed by the point of sale system. Given selected information regarding the customer and the drawer, the system will enable around 75 to 80 per cent. of cheques to be cashed immediately.

Higher risk cheques that the system does not authorise are referred to the loan centre staff who use their knowledge and experience, together with company and consumer credit search information, to reach a decision on the cheque.

The key factors in reaching a decision are:

- The customer and drawer history;
- The credit risk of the drawer; and
- The Company’s ability to locate the customer in the event a cheque does not clear.

Pay day advances

Pay day advance customers must provide:

- Proof of address;
- Confirmation of employment; and
- Contact telephone numbers.

They must also hold a current valid cheque guarantee card and cheque book as it is the Directors’ belief that this is a good indicator of the recent credit worthiness of the customers.

If the customer has no adverse history and, subject to certain requirements, the store can give a pay day advance of up to £750 depending on the level of cheque guarantee card. Pay day advance cheques do not need to be referred to the loan centre for approval.

Kwikloan

Kwikloan customers must meet the criteria for a pay day advance and, in addition, they must prove their income exceeds £750 per month and provide two months bank statements to allow the Company to assess the customers' other commitments.

All Kwikloans are authorised by the loan centre.

The Company is also registered with the Financial Services Authority, in respect of creditor insurance provided on the Kwikloan product, as an authorised representative of London General Insurance Limited.

9. FUNDING

Prior to Admission H&T had borrowing facilities which, conditional, *inter alia*, on Admission will be amended and restated. Under the revised arrangements with Barclays Bank Plc, the limit of the revolving pledge book facility will be extended to £29 million for three years after which it will increase to £30 million. The term loan facility will be extended to £15 million. The revolving pledge book facility can be drawn down to 92.5 per cent. of the Pledge Book. Barclays will also make available a new working capital facility of £3 million for three years after which it will reduce to £2 million. All amounts outstanding under the Mezzanine Credit Agreement referred to in paragraph 7 of Part VI of this document will be repaid in full upon the revised banking arrangement coming into effect. These arrangements are described in more detail in paragraph 7 of Part VI of this document.

The Directors believe the facilities referred to above, taking account of H&T's capital structure after the Placing, will be sufficient for the Company's current requirements.

10. CURRENT TRADING AND PROSPECTS

Since 31 December 2005 H&T has continued to perform well with all revenue lines ahead of the same period last year and total net revenues performing in line with Directors' expectations.

Since the Buy-Out, H&T has added 11 pawnbroking stores which have been well received in their local markets with their pledge books growing in line with the Directors expectations.

The Directors have also been encouraged by the performance of the first Get>Go™ store format which opened in Bury in November 2005 and a second Get>Go™ store opening is planned for later in the year.

Overall the Directors believe that the Company is well positioned to capitalise on the opportunities in its marketplace and they view the financial prospects for the current year with confidence.

11. DIRECTORS AND KEY MANAGEMENT

11.1 Executive Directors

John Nichols (Chief Executive) (Age: 55)

After an early career in the RAF, John entered the leisure industry with the Rank Organisation where he held several senior executive positions.

John joined H&T as Managing Director in 1997 and subsequently became Chief Executive. He has been instrumental in developing and implementing the business strategy and delivering consistent growth in revenues and profitability. He has also been instrumental in the initiative to obtain the ISO 9001 and Investors in People accreditations.

He is currently President of the National Pawnbrokers' Association, a position he has held since October 2004.

Laurent Genthialon (Finance Director) (Age: 34)

Laurent has spent his career in a variety of accounting and financial management positions in the UK and Europe. As the finance director of Oddbins from 2002 to 2005 he gained valuable experience in

financial management and business turn-around during a change of ownership and subsequent restructuring of this retail group.

Laurent joined H&T in May 2005, and since then, has completed a number of internal projects to restructure the financial reporting functions of the business and increase the operational efficiencies of the IT and finance functions.

Stephen Fenerty (Commercial Director) (Age: 33)

A Chartered Accountant who trained at KPMG, Stephen has pursued a variety of management roles in the alternative credit sector. Prior to joining H&T, Stephen worked for The Money Shop (part of Dollar Financial, Inc.) where he was responsible for new product development introducing, amongst others, foreign exchange, unsecured loans and loans brokerage.

Stephen joined H&T in March 2005 as Commercial Director where he has launched the pre-paid debit card and utilised his expertise in credit management and debt collection. He is responsible both for the project management and implementation of new product initiatives and for origination and execution of new store acquisitions.

11.2 Non-executive Directors

Peter Middleton (Chairman) (Age: 66)

Peter Middleton has held several senior positions in finance and commerce including chief executive of Lloyd's of London, chief executive of Salomon Europe and chief executive of Thomas Cook. He was also a managing director of Nomura Principal Finance and Terra Firma and gained direct experience of the alternative credit sector as chairman of Brighthouse. He has been Chairman of H&T since September 2004.

He is currently also chairman of GTL Resources Plc.

Andrew Brown (Age: 61)

Andrew Brown, a Chartered Accountant, has wide ranging experience of the financial services sector, including executive positions with Sterling Guarantee Trust and Sedgwick Group. He was finance director and subsequently joint chief executive of Gartmore Investment Management plc. He has been a board member or chairman of a number of listed and unlisted companies and is presently a non-executive director of Countrywide plc, Framlington Income & Capital Trust PLC and Thames River Capital (UK) Limited.

Peter McNamara (Age: 55)

Peter McNamara spent the majority of his career with Lloyds Bank plc, as chief manager for strategic planning, mergers and acquisitions, and then as the managing director of Personal Banking. He subsequently served as group managing director of the Alliance & Leicester plc and chief executive of Wesleyan Assurance Society, a mutual life insurance business. In 2002 he left to become chairman and subsequently executive chairman of Moneybox plc, the leading ATM deployer operating in the UK, Germany and the Netherlands, which he led to flotation on AIM.

11.3 Other Senior Management

Alan Lilley (Operations Controller) (Age: 48)

Prior to joining the Company, Alan was with Ladbroke Racing in several management positions including responsibilities for business and staff development. Since joining H&T in January 2000 he has held several operations positions and is currently responsible for the store operation of H&T pawnbrokers.

Tim Moody (Property Manager) (Age: 34)

Tim is a qualified Chartered Surveyor. He has previously held management positions with Victora Wine and Thresher Group, followed by a period providing property valuation advice to major lending institutions before joining H&T in August 2004 with responsibility for property management.

Ken Vaughan (Disposition Controller) (Age: 52)

Ken began his career with F. Hinds, the retail jeweller, where he worked for 23 years, prior to joining the Company. He held management positions with responsibility for 48 stores and company training. In 1995 he won the jewellery industry award for training. Ken joined H&T in March 2000 and currently looks after retail disposition and training.

12. EMPLOYEES

The average number of employees of the Company (including Executive Directors) during the following periods is shown below:

	<i>Year ended December 2003</i>	<i>Year ended December 2004</i>	<i>Year ended December 2005</i>
Stores	242	269	263
Area management	6	8	9
Support	12	13	18
Head office	27	28	31
Average number of employees	<u>287</u>	<u>318</u>	<u>321</u>

13. INCENTIVE ARRANGEMENTS

The Directors believe that an important factor in the Company's success is its ability to motivate and retain its key employees.

The Remuneration Committee will be reviewing the structure of remuneration for executive Directors and senior management after Admission with a view to developing and implementing remuneration policies which both provide an appropriate motivational framework and align the interests of the senior management with the performance of the business and the interests of the Shareholders.

As part of this exercise, the Remuneration Committee has decided that the introduction of the Share Option Schemes is key to supporting the business strategy in the future.

These Share Option Schemes, which were adopted on 25 April 2006, will focus participants on delivering strong year-on-year annual performance and align their longer term interests with those of Shareholders, whilst taking into account institutional shareholder guidelines. The Share Option Schemes also reflect the Remuneration Committee's policy of linking remuneration to the performance of the Company's business.

Further details of the principal features of the Share Option Schemes are set out in paragraph 4 of Part VI of this document.

The Board is considering proposals to establish an HMRC approved save as you earn scheme after Admission. The terms of such scheme, if adopted, will be determined by the Remuneration Committee and the Board.

14. CORPORATE GOVERNANCE

The Directors intend to implement appropriate measures (having regard to the current stage of development of the Company) to comply, so far as practicable, with the Combined Code. The Board has established Audit, Remuneration and Nomination Committees with formally delegated duties and responsibilities.

The Audit Committee is primarily responsible for determining the terms of engagement of the Company's auditors and, in consultation with the Company's auditors, the scope of audits. It will receive and review

reports from management and the Company's auditors relating to the annual accounts and the accounting and internal control systems in use by the Group. The Audit Committee will have unrestricted access to both the internal audit files and the Company's auditors, including their reports on any weakness identified in the accounting and internal control environment.

The Nomination Committee is primarily responsible for identifying and nominating candidates for full board vacancies, evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly, reviewing the time requirements of Non-executive Directors, giving full consideration to succession planning and reviewing the leadership in the Group.

The Remuneration Committee is primarily responsible for reviewing the scale and structure of both the executive Directors' and other key employees' future remuneration and setting the terms of their service agreements with due regard to the interests of Shareholders. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The Remuneration Committee is also responsible for administering the Share Option Schemes.

The Company will comply with Rule 21 of the AIM Rules regarding dealings in the Company's shares and will take all reasonable steps to ensure compliance by the Directors and applicable employees. The Company has adopted and will operate a share dealing code for Directors and relevant employees consistent with the Model Code on share dealings.

Further information on the Group's corporate governance arrangements is set out in paragraph 15 of Part VI of this document.

15. DIVIDEND POLICY

The Directors intend to pay a dividend of approximately 3p per Ordinary Share in respect of the financial year ending 31 December 2006. The Directors intend this to be declared as a final dividend and be paid in April 2007.

Thereafter, the Directors intend to adopt a progressive dividend policy which will take into account the Company's capital requirements, earnings and cash flow whilst maintaining a dividend cover of at least two times. For the financial years ending 31 December 2007 onwards, the Directors intend that interim and final dividends in respect of each year ending 31 December will be paid respectively in October of that year and April of the following year in the approximate proportions of one-third and two thirds of the total dividend for the year.

16. REASONS FOR ADMISSION AND USE OF PROCEEDS

The Placing and Admission will provide a market and a value for the Company's Ordinary Shares which the Directors believe will, in conjunction with the Share Option Schemes, help the Group to continue to attract and retain high calibre employees.

The Directors believe that, as a publicly quoted company, H&T will have access to further capital to assist the continued growth of the business. In addition, the Directors believe that the Placing will raise the status and market profile of the Group and promote greater awareness of the H&T brands.

The proceeds of the Placing of the New Shares will be used in the refinancing of the Group and the repayment of the Loan Notes.

17. SUMMARY OF THE PLACING

The Placing comprises an offer by the Company of 10,573,469 New Shares to raise gross proceeds of approximately £18.2 million and the sale of, in aggregate, 17,836,980 Existing Shares by the Selling Shareholders. The New Shares will represent approximately 33.6 per cent. of the issued ordinary share capital of the Company immediately following Admission.

Numis has agreed to use reasonable endeavours to procure places in accordance with the terms of the Placing Agreement (further details of which are set out in Part III, and paragraph 7 of Part VI, of this document). The Directors, certain employees participating in the Placing, and the Selling Shareholders have entered into lock-up arrangements with Numis and Hawkpoint. Approximately 10 per cent. of the Ordinary Shares will be subject to such lock-up arrangements following Admission.

The Placing is conditional upon, *inter alia*, Admission becoming effective on or before 8.00 a.m. on 8 May 2006 or such later time and/or date as Hawkpoint, Numis and the Company may agree in writing, being not later than 22 May 2006.

Further details of the Placing are set out in Part III and paragraph 7 of Part VI this document.

PART II

RISK FACTORS

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, before deciding whether to invest in the Ordinary Shares, prospective investors should carefully consider the risks described below together with all other information contained in this document. If any of the following risks actually occur, the Group's business, financial condition and/or results of operations could be materially and adversely affected. In such a case, the trading price of the Ordinary Shares would decline and an investor may lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business and the risks described below do not necessarily comprise all those associated with an investment in the Group.

1. BUSINESS RISKS

1.1 Inadequate security

H&T is exposed to the risk that the security upon which its pledge loans are made may reduce in value, so that the Company may not recover the full pledge advance and accrued interest in an event of default. This risk only materialises in respect to those items that are forfeited and disposed of via scrap and auction.

A significant and sustained decline in the price of gold would adversely affect the value of jewellery pledged as collateral by pawn customers and the stock held by the Company. As a result, the Company's profit margins on existing jewellery stock would be adversely affected, as would be the potential profit margins on jewellery currently pledged as collateral by pawn customers in the event it is forfeited by the pawn customer.

1.2 Customer base

Customers may cease to use H&T for future funding requirements for a variety of reasons including, for example, deciding that cheaper forms of finance may be obtained from other lenders. There is no guarantee that H&T can continue to win new customers.

1.3 Redemption rate

H&T's financial performance would be adversely affected if it experienced a significant decline in the redemption rate of pledges. In recent years the Group's redemption rate has declined moderately. This has occurred during a period in which H&T has also increased the average rate of interest charged across the store portfolio. However, there is no guarantee that further declines in the redemption rate will not be experienced.

1.4 Incorrect valuation

H&T's financial position would be adversely affected if the Group failed consistently to value correctly items pledged as security for pledge loans as this would limit the ability of the Group to recover the full value of the pledge loan on items forfeited.

1.5 Funding

H&T will rely on funding lines and availability of credit from Barclays (which are described in paragraph 7 of Part VI of this document) in order to maintain an adequate level of working capital and to fund loan advances to the Company's customers. Under the terms of the credit facility, the Company is required to maintain certain financial ratios and comply with certain covenants. Also, the new facility is conditional on, *inter alia*, Admission, no Material Default having occurred prior to drawdown of funds under the new facility and repayment of the Loan Notes. One of the purposes of the credit facility

is to provide the working capital necessary to support the Company's lending and retail activities. Failure of the Company to maintain or renew the current credit facility upon its maturity at comparable terms and rates may adversely affect the Company's future revenues, profitability and its ability to expand. Although H&T has had a successful relationship with Barclays since before the Buy-Out, there is no guarantee of continued support beyond the commitment period expiring in 2011, or if any of the Company's covenants are breached.

1.6 Success of acquisitions and regulatory approval

In order to enhance its growth, the Company intends to make selective acquisitions of smaller pawnbrokers. The availability of acquisition targets may be limited and there can be no assurance that any such targets will be available at prices which make them suitable for acquisition at the relevant time or at all. The Company may incur operational and financial risks in relation to any acquisitions, including, but not limited to, continuity or integration of operations and personnel and there can be no assurance that any such acquisition will be successfully integrated. It is possible that one or more unsuccessful acquisitions could have an adverse effect on the Company's profitability.

In addition, any such acquisition may be subject to regulatory approval under the Enterprise Act 2002 should it constitute a relevant merger situation under that act or it is otherwise referred to the Competition Commission by the OFT in accordance with its powers under the Enterprise Act 2002.

1.7 Retention and availability of key staff

The Company's ability to operate and expand may also be limited by the availability of qualified store management personnel. There can be no assurance that sufficient qualified personnel will be available to satisfy the Company's needs with respect to its present planned portfolio expansion.

1.8 The planned increase in the number of stores may not be achieved

The success of the Company's growth strategy is dependent, in part, upon the ability to select advantageous locations, negotiate competitive leases, maintain adequate financial controls and reporting systems, manage a larger operation and obtain additional capital upon favourable terms. There can be no assurance that the Company will be able successfully to establish profitable new locations or manage a larger operation.

1.9 Credit risk and fraud in relation to other financial services

H&T is exposed to the risk that clients owing the Company money (in particular those customers who have received a "Kwikloan" or a pay day advance loan, both of which are unsecured loans) will not fulfil their obligations. Credit exposures, credit default risk may arise from events or circumstances that are difficult to detect and handle, such as fraud.

1.10 Financial performance may not be maintained

There can be no assurance that the Company will be able to achieve the financial performance anticipated by the Directors. H&T has historically experienced, and is likely to continue to experience, seasonal fluctuations in its financial performance, with a relatively large percentage of revenues typically being generated over the Christmas and summer periods. The Company's continued good performance is reliant on good sales results in both of these periods. In addition, H&T's retail business is sensitive to prevailing trading conditions. In particular, difficult trading conditions on the high street, where H&T's stores are principally located, may have an adverse impact on the Company's gross revenues.

1.11 H&T is exposed to the risks associated with leased property

The Directors have made certain assumptions about future rent reviews on the Group's premises. If these rents were to be agreed at higher rates than currently anticipated, there would be an adverse impact on H&T's financial performance.

In addition, there is a risk that leases may not be renewed. As almost all of the Group's trading properties are leasehold, this would result in additional costs being incurred in selecting appropriate alternative premises and relocating to them and there is a risk that suitable alternative premises may not be available.

1.12 Risk related to rightful owner claims

In connection with pawnbroking stores operated by the Company, there is a risk that acquired merchandise may be subject to claims of rightful owners. Historically, the Company has not found these claims to have a material effect on the results of operations and, accordingly, the Company does not maintain insurance to cover the costs of returning merchandise to its rightful owners. The Company requires each customer obtaining a pledge or loan to provide appropriate identification. Goods held to secure pledges or goods purchased which are determined to belong to an owner other than the borrower or seller are subject to recovery by the rightful owners.

1.13 Money laundering

H&T has put in place procedures in order to ensure its compliance with the Money Laundering Regulations 1993, to which it is subject, including the appointment of a money laundering reporting officer ("MLRO"), specific identification procedures and the designation of certain transactions as being automatically reportable by employees to the MLRO. Notwithstanding, any breach by H&T or its employees of the regulations may constitute a criminal offence or result in the imposition of a potentially significant fine on H&T.

1.14 Development of new products

One element of H&T's growth strategy is to continue to introduce new products to attract new customers and provide additional services to the existing customer base.

Whilst H&T continues to examine and evaluate possible new products, it cannot be certain that this will result in the development of products which prove to be commercially successful. The Group is exposed to the risks of delay and failure of any new product preventing it from gaining significant, or any, revenue benefit from its investment in developing such products.

1.15 Cheque cashing/Pay day advance

Prior to January 2006 the majority of cheque cashing and pay day advances were underwritten by The Money Shop. The Money Shop received a commission on the face value of the cheques and bore the risk of default provided that certain customer acceptance procedures were properly followed. H&T now underwrites the default risk on these activities. In addition to the increased risk of default to which H&T is exposed, the process of bringing the underwriting activity in-house may cause unforeseen difficulties and may therefore require a disproportionate amount of the Group's resources and management attention.

1.16 EPOS system

H&T has engaged a third party to develop an electronic point of sale system ("EPOS system") to replace the legacy system currently used by the Group (please see paragraph 7 of Part VI of this document for further details of the relevant software development contract). The EPOS system is currently expected to be in operation in 2007. There can be no guarantee that the Group will not encounter unforeseen difficulties when stores are migrated on to the EPOS system. If the Group is not able to complete the roll-out of the EPOS system as currently envisaged or encounters significant technical difficulties in so doing, it may suffer unforeseen costs and may not realise the expected improvement in performance, with a consequent impact on its financial results or operations.

2. MARKET RISKS

2.1 Competition

H&T has various competitors for each of its products. There is no guarantee that mainstream lenders or new entrants will not seek to enter the pawnbroking or alternative credit markets in the future, despite the barriers to entry into this market which the Directors believe to exist.

The Company encounters significant competition in connection with the operation of both its pawnbroking stores and cheque cashing/pay day advance businesses. In connection with lending operations, the Company competes with other pawnbroking stores (owned by individuals and by other companies) and certain financial institutions, such as consumer finance companies, which generally lend on an unsecured as well as on a secured basis. The Company's competitors in connection with its retail sales include numerous retail and discount stores. In connection with its cheque cashing/pay day advance operations, the Company competes with banks, other cheque cashing and pay day advance companies. Many competitors have greater financial resources than the Company. These competitive conditions may adversely affect the Company's revenues, profitability and its ability to expand.

2.2 Regulatory risk

H&T's activities are regulated by the OFT, the CCA and associated legislation which govern its activities provide for a large degree of regulatory control and process. These could be subject to change and enhancement over time leading to increasingly detailed regulatory requirements, potentially with adverse implications for H&T. There is therefore no guarantee that any widening of the scope of the CCA or the OFT's activities may not impact H&T's business.

Regulatory action to prohibit or restrict short-term advances has been advocated over the past few years by consumer advocacy groups and by media reports and stories. There is no indication that such regulatory action would affect the Company but, if it did, this may have a detrimental effect on the business.

2.3 Consumer Credit Act 2006

This legislation, whilst enacted, is not yet in force. It contains two particular provisions that may have an effect on H&T's activities in the future.

First, the OFT may, in determining whether entities remain appropriate bodies to continue to hold consumer credit licences which allow them to trade, investigate whether they are undertaking irresponsible lending activities. There is some ambiguity as to how the OFT intends to exercise its powers and this may lead to a focus on those entities that are active in the sub-prime markets, in particular those providing short term advances with relatively high interest rates. There is no current indication that such regulatory action is intended that would affect the Company but, if it did, this may have a detrimental effect on the business.

Secondly, this new legislation introduces the concept of unfair relationships which will be subject to regulatory control. This could be utilised to introduce further control over the activities of businesses active in the consumer credit sector including those of the Company. Again, there is no current indication that any such specific regulatory action is intended to be aimed at the pawnbroking industry but if it did this may have a detrimental effect on the business.

2.4 Rate capping

As part of the Government's review of the consumer credit market and in response to lobbying by consumer bodies, the issue of rate capping has been considered and whether it would be appropriate for the UK market. If rate capping were to be introduced at a future date, this could affect H&T's business and potentially could have a detrimental effect.

2.5 Draft European Consumer Credit Directive

An EU-wide directive introducing a level of harmonisation for consumer credit regimes across Europe is currently proceeding through the European legislature and is anticipated to take effect from 2007 onwards. Whilst pawnbroking is currently excluded from the scope of activities that will be regulated by this directive, until it is finally issued this is not definitive. If the current draft directive is altered so that pawnbroking is within its scope this could introduce additional regulatory requirements on the Company, which potentially could have cost implications for H&T in complying with such requirements.

3. GENERAL ECONOMIC TRENDS

3.1 Interest rates

The interest rate applicable to H&T's borrowings is calculated on a floating rate basis by reference to the London Interbank Offer Rate, whilst the interest rate charged to clients is fixed at the time of the advance. Accordingly, there is no guarantee that movements in interest rates may not adversely affect H&T's profitability. Prior to Admission, H&T entered into an interest rate swap agreement with Barclays for the purpose of hedging the floating interest rate exposure under the current Senior Credit Agreement, Mezzanine Debt and under the Loan Note Instrument of an amount up to £32 million. Under the revised arrangements this hedging arrangement will terminate and it is proposed that H&T and Barclays will agree a new interest rate hedging strategy and, within 30 days of Admission, will enter into arrangement to reflect the terms of this new strategy.

3.2 Economic downturn

A downturn in the economy could have an adverse effect on the Company as it may reduce the ability of its unsecured loan customers to repay amounts due to H&T, thereby increasing bad debt expense and reducing the profitability of the Group. This may be mitigated by an increased requirement for cash by existing and potential customers.

4. OTHER

4.1 Accounting principles and standards

H&T prepares its financial statements in accordance with UK GAAP. Companies listed on AIM will have to comply with International Financial Reporting Standards ("IFRS") for each year beginning on or after 1 January 2007. Accordingly, H&T will have to comply with IFRS from 1 January 2007 and will need to prepare comparable data in accordance with IFRS for the year ending 31 December 2006.

4.2 Dividends

The payment of dividends in respect of Ordinary Shares will rely on underlying performance of the business and, in particular, the dividend policy mentioned in Part I of this document should not be construed as a dividend or profit forecast. Also, any change in the tax treatment of dividends may reduce the level of yield received by Shareholders.

4.3 Tax deductibility of certain interest payments

An element of the finance arranged in connection with the H&T Buy-Out was in the form of the Loan Notes. H&T's accounts for 2004 and 2005 are drawn up on the basis that interest on the Loan Notes is deductible against profit in determining the Company's tax liability.

At present, there appears to be uncertainty over interpretation of legislation that has been in force since 1998. There is a fundamental difference of opinion between HMRC and the British Venture Capital Association as to the potential application of transfer pricing rules to UK companies funded by private equity which could result in some interest charges being deemed non deductible for the purpose of UK corporation tax. It is understood that HMRC's current interpretation is being challenged and is now subject to judicial review. Accordingly, it is currently uncertain how this matter will be resolved.

If HMRC's current interpretation prevails, the change in treatment could affect the tax deductibility of interest payments on the Loan Notes. The maximum potential exposure for H&T would be likely to be approximately £1.2 million plus any interest and penalties for which no provision has been made in H&T's financial statements.

5. SHARES

5.1 Investment in AIM quoted securities

Investment in securities traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

5.2 Share price volatility and liquidity

The share prices of quoted companies can be highly volatile and shareholdings illiquid. The prices at which the Ordinary Shares are quoted and the prices which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

5.3 Future sales of Ordinary Shares could impact their market price

The possibility of sales of Ordinary Shares following Admission could have an adverse effect on the market trading prices of Ordinary Shares irrespective of the fact that the Directors and certain Selling Shareholders have agreed to certain restrictions on the sale of Ordinary Shares for various limited periods of time following Admission, as described in paragraph 7 of Part VI of this document under the heading "Placing Agreement".

PART III

THE PLACING AND RELATED MATTERS

Terms and conditions of the Placing

The Placing comprises an offer by the Company of 10,573,469 New Shares to raise gross proceeds of approximately £18.2 million and the sale of, in aggregate, 17,836,980 Existing Shares by the Selling Shareholders. The New Shares will represent 33.6 per cent. of the issued ordinary share capital of the Company immediately following Admission.

At the Placing Price the Company will have a market capitalisation of approximately £54.2 million.

The Placing is conditional upon, *inter alia*:

- (i) the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission; and
- (ii) Admission becoming effective not later than 8.00 a.m. on 8 May 2006 or such later time and/or date as Hawkpoint, Numis and the Company may agree in writing, being not later than 22 May 2006.

Pursuant to the Placing Agreement (which is described more fully in paragraph 7 of Part VI of this document), Numis has agreed, subject to the fulfilment of certain conditions, to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

These terms and conditions apply to persons who agree to subscribe for or acquire Placing Shares under the Placing.

Each person to whom these conditions apply, as described above, who confirms his agreement to Numis (on behalf of itself and the Company) to subscribe for Placing Shares (an "Investor") hereby agrees with each of Numis, Hawkpoint and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued or sold under the Placing. An Investor shall, without limitation, become so bound if Numis confirms to the Investor its allocation and such Investor returns a completed form of confirmation in the form supplied by Numis (the "Form of Confirmation").

Plan of distribution and allotment

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system. Placees will receive a conditional contract note from Numis which will be deemed to incorporate the terms and conditions of the Placing applicable to placees. Definitive share certificates for the Ordinary Shares, if applicable, are expected to be dispatched by 22 May 2006.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Upon Admission, the Articles will permit the holding of Ordinary Shares in CREST. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within CREST if any Shareholder so wishes.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so. Investors applying for Placing Shares under the Placing may, however, elect to receive Placing Shares in uncertificated form if they are a system-member (as defined in the Regulations) in relation to CREST.

Admission to trading and dealing arrangements

Applications have been made for Admission in respect of the Placing Shares. It is expected that Admission will become effective and dealings in the Placing Shares will commence on 8 May 2006.

No application is being made for the Ordinary Shares to be admitted to listing or to be dealt in on any other exchange.

Lock-up arrangements

Immediately following Admission, the Directors will be interested, in aggregate in 2,636,000 Ordinary Shares representing approximately 8.4 per cent. of the enlarged issued share capital of the Company. Under the terms of the Placing Agreement, which is described more fully in paragraph 7 of Part VI of this document, the Directors have undertaken that, subject to certain exceptions, without the consent of Numis and Hawkpoint, they will not sell or otherwise dispose of, or agree to dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time from Admission until the date which is one month after the announcement of the interim results of the Company for the period ending 30 June 2007. In addition, certain of the Selling Shareholders have undertaken that, subject to certain exceptions, without the consent of Numis and Hawkpoint, they will not sell or otherwise dispose of, or agree to dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time from Admission until the date which is one month after the date on which the Company's consolidated, audited accounts for the year ending 31 December 2006 are published.

Share Options

The Board is considering proposals to establish an HMRC approved save as you earn scheme after Admission. The terms of such scheme, if adopted, will be determined by the Remuneration Committee and the Board.

The Remuneration Committee has also adopted the Share Option Schemes. Summaries of the principal features of the Share Option Schemes are set out in paragraph 4 of Part VI of this document.

Dilution

The number of Ordinary Shares in issue immediately following Admission will be 31,485,706. The New Shares will, upon Admission, represent approximately 33.6 per cent. of the enlarged share capital of the Company.

Agreement to acquire Ordinary Shares

Conditional on (i) Admission occurring on or prior to 8 May 2006 (or such later date as Numis, Hawkpoint and the Company may agree (not being later than 22 May 2006)) and (ii) receipt by Numis of the Form of Confirmation, an Investor agrees to subscribe for or acquire, as more particularly described below, at the Placing Price, the number of Placing Shares allocated to such Investor under the Placing as notified by Numis in writing. To the fullest extent permitted by law, each Investor acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights such Investor may have.

Payment for Ordinary Shares

Each Investor undertakes to pay the Placing Price for the Placing Shares issued or transferred to such Investor in such manner as shall be directed by Numis. Liability for stamp duty and stamp duty reserve tax is described in paragraph 9 of Part VI of this document.

In the event of any failure by any Investor to pay as so directed by Numis, the relevant Investor shall be deemed hereby to have appointed Numis or any nominee of Numis to sell (in one or more transactions) any or all of the Placing Shares in respect of which payment shall not have been made as directed by Numis and to have directed Numis to use the proceeds of sale in satisfaction, in whole or in part, of such payment and

shall indemnify on demand Numis in respect of any liability for stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales.

Representations and warranties

By receiving this document and returning a Form of Confirmation to Numis each Investor confirms, represents, warrants and undertakes to Numis (for Numis and on behalf of the Company) on the terms and subject to the conditions set out in this document that:

- (a) the exercise by Numis or Hawkpoint of any rights or discretion under the Placing Agreement shall be within the absolute discretion of Numis or Hawkpoint and neither Numis nor Hawkpoint need have any reference to any Investor and shall have no liability to the Investor whatsoever in connection with any decision to exercise or not to exercise any such right and each Investor agrees that they have no rights against Numis, Hawkpoint, the Company and any of their respective directors and employees under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- (b) in agreeing to subscribe for Placing Shares under the Placing, each Investor is relying on this document and not on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of the shares other than as contained in this document;
- (c) neither the Investor nor, as the case may be, his clients expect Numis to have any duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by The Conduct of Business Source Book contained in The Financial Service Authority’s Handbook of Rules and Guidance, and that Numis is not acting for the Investor or its clients, and that Numis will not be responsible for providing protections afforded to customers or the Investor;
- (d) in the case of a person who confirms to Numis on behalf of an Investor an agreement to subscribe for Ordinary Shares that person represents and warrants that he has the authority to do so on behalf of the Investor;
- (e) save in the event of fraud on the part of Numis (and to the extent permitted by the Rules of the Financial Services Authority), neither Numis, its ultimate holding company nor any direct or indirect subsidiary undertakings of that holding company, nor any of their respective directors and employees shall be liable to the Investor for any matter arising out of Numis’ role as placing agent or otherwise in connection with the Placing and that where any such liability nevertheless arises as a matter of law the investor will immediately waive any claim against any of such persons which the Investor may have in respect thereof;
- (f) he is not and is not applying as nominee or agent for, a person who is, or may be, mentioned in any of the sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (g) the Investor is not a national or resident of the United States, Canada, Australia, the Republic of Ireland or Japan or a corporation, partnership or other entity organised under the laws of the United States, Canada, Australia or Japan and that the Investor will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Ordinary Shares into the United States, Canada, Australia, the Republic of Ireland or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in the United States, Canada, Australia, the Republic of Ireland or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation and the Investor acknowledges that the Ordinary Shares have not been and will not be registered under the 1933 Act, as amended and have not been, and will not be, qualified for distribution through the filing of a prospectus with any Securities Commission or similar regulatory authority of any province of Canada and that the same are not being offered for sale and may not be, directly or indirectly, offered, sold, transferred or delivered in the United States, Canada, Australia, the Republic of Ireland or Japan or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;
- (h) without prejudice to (g) above, he is entitled to subscribe for the Placing Shares comprised in its allocation under the laws of all relevant jurisdictions which apply to such Investor and that such

Investor has fully observed such laws, obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities; and

- (i) the Investor is a person of a kind described in paragraph 5 of Article 19 or paragraph 2 of Article 49 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001.

Supply and disclosure of information

If the Company, Numis, Hawkpoint or any of their agents request any information about an Investor's agreement to subscribe for Placing Shares, such Investor must promptly disclose it to them.

Miscellaneous

The rights and remedies of Numis, the Company and Hawkpoint under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Investor may be asked to disclose, in writing or orally, to Numis:

- (a) if he is an individual, his nationality; or
- (b) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Investor's risk. They may be sent by post to such Investor at an address notified to Numis.

Each Investor agrees to be bound by the Articles of Association of the Company as described in paragraph 3 of Part VI (as amended from time to time) once the Placing Shares which such Investor has agreed to subscribe for have been issued to such Investor.

The contract to subscribe for Placing Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England. For the exclusive benefit of the parties mentioned under the contract above, each Investor irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against an Investor in any other jurisdiction.

In the case of a joint agreement to subscribe for Placing Shares, references to an Investor in these terms and conditions are to each such Investor and the Investors' liability is joint and several.

Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing issued by Numis until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 22 May 2006, application monies will be returned without interest.

Selling restrictions

Before Admission becomes effective, Investors may only offer or sell any Placing Shares in the United Kingdom:

- 1.1 to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business; or
- 1.2 otherwise in circumstances which will not result in an offer to the public in the United Kingdom within the meaning of Part VI of the Financial Services and Markets Act 2000 as amended.

PART IV

FINANCIAL INFORMATION ON H&T GROUP PLC

The Board of Directors
on behalf of H&T Group plc
Times House
Throwley Way
Sutton
Surrey SM1 4AF

Hawkpoint Partners Limited
4 Great St Helen's
London
EC3A 6HA

Dear Sirs

H&T Group plc (the “Company” and, together with its subsidiaries, the “Group”)

We report on the financial information set out in Part IV of the AIM Admission Document dated 3 May 2006 of the Company and the Group (the “Investment Circular”). This financial information has been prepared for inclusion in the Investment Circular on the basis of the accounting policies set out in note 1. This report is required by paragraph (a) of Schedule Two to the AIM rules as if Annex I item 20.1 of the Prospectus Rules applied and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information and in accordance with Accounting Practice Generally Accepted in the United Kingdom (“UK GAAP”).

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Investment Circular, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with UK GAAP as described in note 1.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) as applied by Schedule Two paragraph (a) of the AIM Rules we are responsible for this report as part of the Investment Circular and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Investment Circular in compliance with Annex I item 1.2 in Appendix 3 to the Prospectus Rules as applied by Schedule Two paragraph (a) of the AIM Rules.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

Deloitte & Touche LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu (“DTT”), a Swiss Verein whose member firms are separate and independent legal entities. Neither DTT nor any of its member firms has any liability for each other’s acts or omissions. Services are provided by member firms or their subsidiaries and not by DTT.

Profit and loss accounts

Three years ended 31 December 2005

		2003	2004	2005
	Note	£'000	£'000	£'000
Turnover	2	23,631	26,740	29,638
Cost of sales		(7,246)	(8,341)	(9,576)
Gross profit		<u>16,385</u>	<u>18,399</u>	<u>20,062</u>
Administrative expenses		(11,903)	(13,398)	(14,354)
Operating profit	4	4,482	5,001	5,708
Profit on disposal of fixed assets	5	–	–	898
Interest receivable and similar income		3	8	16
Interest payable and similar charges	6	(275)	(2,002) ¹	(5,860) ¹
Profit on ordinary activities before taxation		<u>4,210</u>	<u>3,007</u>	<u>762</u>
Tax on profit on ordinary activities	7	(1,506)	(1,060)	(441)
Retained profit for the year	18	<u>2,704</u>	<u>1,947</u>	<u>321</u>

All the results derive from continuing operations.

There are no further recognised gains and losses other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

¹ Interest payable for the year ended 31 December 2005 includes £2.273 million (2004 – £0.653 million) of interest on the Rutland Loan Notes.

Balance sheets*As at 31 December*

	<i>Note</i>	<i>2003</i> <i>£'000</i>	<i>2004</i> <i>£'000</i>	<i>2005</i> <i>£'000</i>
Fixed assets				
Intangible assets	8	5,283	14,440	14,346
Tangible assets	9	5,512	5,433	5,144
		<u>10,795</u>	<u>19,873</u>	<u>19,490</u>
Current assets				
Stocks	10	3,430	3,600	3,373
Debtors	11	26,262	28,453	31,526
Cash at bank and in hand		957	622	1,434
		<u>30,649</u>	<u>32,675</u>	<u>36,333</u>
Creditors: amounts falling due				
Within one year	12	(2,635)	(4,718)	(3,569)
Net current assets		<u>28,014</u>	<u>27,957</u>	<u>32,764</u>
Total assets less current liabilities		38,809	47,830	52,254
Creditors: amounts falling due				
after more than one year	13	(5,250)	(46,862)	(50,990)
Provisions for liabilities and charges	15	(327)	(158)	(133)
		<u>33,232</u>	<u>810</u>	<u>1,131</u>
Capital and reserves				
Called up share capital	17	15,000	1,000	1,000
Profit and loss account	18	18,232	(190)	131
Total equity shareholders' funds	18	<u>33,232</u>	<u>810</u>	<u>1,131</u>

Cash flow statements

Three years ended 31 December 2005

		2003	2004	2005
	Note	£'000	£'000	£'000
Net cash inflow from operating activities	21	4,406	4,006	5,421
Returns on investments and servicing of finance				
Interest received		3	8	16
Interest paid		(275)	(1,083)	(2,850)
Net cash outflow from returns on investments and servicing of finance		(272)	(1,075)	(2,834)
Taxation – corporation tax paid		(1,452)	(1,823)	(806)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(1,879)	(1,337)	(910)
Sale of tangible fixed assets		465	–	1,074
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,414)	(1,337)	164
Acquisitions and disposals				
Purchase of unincorporated businesses		(1,703)	–	(636)
Purchase of subsidiary		–	(45,634)	–
Cash acquired with unincorporated business		–	–	3
Net cash outflow from acquisitions and disposals		(1,703)	(45,634)	(633)
Net cash (outflow)/inflow before financing		(435)	(45,863)	1,312
Financing				
Issue of ordinary shares		–	1,000	–
New borrowings		700	49,778	500
Repayment of borrowings		–	(5,250)	(1,000)
Net cash inflow/(outflow) from financing		700	45,528	(500)
Increase/(decrease) in cash in the year	22, 23	265	(335)	812

Notes to the consolidated accounts

Three years ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of preparation

H&T Group Limited was incorporated on 23 July 2004 and did not trade until it acquired the whole of the issued share capital of Harvey & Thompson Limited on 8 September 2004, via H&T Group Limited's 100% owned subsidiary, H&T Finance Limited. On 25 April 2006, H&T Group Limited was re-registered as a public limited company.

The financial information for the year ended 31 December 2003 represents the single company financial information of Harvey & Thompson Limited.

The financial information for the year ended 31 December 2004 aggregates the financial information of Harvey & Thompson Limited for the full year with information for H&T Group Limited and H&T Finance Limited for the period from 8 September 2004 to 31 December 2004.

The financial information for the year ended 31 December 2005 represents consolidated financial information of H&T Group Limited.

Turnover

Interest receivable on secured and unsecured loans is recognised in turnover on an accruals basis less provision for interest on loans not expected to be redeemed in full.

Revenue from retail jewellery sales, of both purchased stock and from the sale of pledged security from unredeemed pawn loans, is recognised at the time of sale. Commission receivable on cheque cashing and related services is recognised on a net basis immediately.

Purchased goodwill

Purchased goodwill representing the excess of the fair value of the consideration paid over the aggregate of the fair values of the separable net assets acquired, is amortised over a period of 20 years, on a straight line basis, the period in which a benefit is expected to arise.

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

Freehold buildings	50 years
Freehold improvements	10 years
Leasehold improvements	Shorter of 7 years or life of lease
Motor vehicles	4 years
Fixtures and fittings	10 years
Computer hardware	5 years
Bespoke computer software	8 years
Computer software	3 years

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stocks

Stocks are stated at the lower of cost and net realisable value. For stock arising from unredeemed pledges the cost represents the amount originally loaned less repayments, if any, plus any remanufacturing costs. For stock acquired for retail sale the cost represents the purchase price. Where necessary provision is made for obsolete, slow moving or damaged stocks.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Pension costs

The Company operates a defined contribution pension scheme (the "scheme") which is contracted into the State Scheme. The Company's share of contributions is charged to the profit and loss account on an accruals basis.

Debt issue costs

All borrowings are initially stated at the consideration received less issue costs incurred. Issue costs are charged to the profit and loss account over the shortest term of the loan facility, so as to give a constant periodic rate of charge on capital balances outstanding.

Capital instruments

The long-term debt is held at the true net proceeds. Interest is calculated based on the stipulated rate in the specific agreement.

2. Segmental analysis

2a Turnover

	<i>Years ended 31 December</i>		
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Pawn service charge	11,663	12,975	14,258
Retail	8,378	9,261	8,726
Scrap	2,437	2,948	4,894
Disposition	10,815	12,209	13,620
Other	1,153	1,556	1,760
Total Turnover	23,631	26,740	29,638

2. Segmental analysis (continued)

2b Segmental analysis - Gross profit (also known as Net Revenue)

	2003 £'000	2004 £'000	2005 £'000
Pawn service charge	11,663	12,975	14,258
Retail	3,370	3,738	3,561
Scrap	213	130	484
Disposition	3,583	3,868	4,045
Other	1,139	1,556	1,759
Total Net Revenue	<u>16,385</u>	<u>18,399</u>	<u>20,062</u>

3. Information regarding directors and employees

	2003 £'000	2004 £'000	2005 £'000
<i>Directors' emoluments</i>			
Directors			
Aggregate emoluments	223	417	688
Compensation for loss of office	–	–	30
Company pension contributions to money purchase schemes	10	16	26
Highest paid director			
Aggregate emoluments	126	213	201
Company pension contributions to money purchase scheme	4	5	5

Included within Directors' aggregate emoluments are amounts paid to the Chairman of £nil in 2003, £25,000 in 2004 and £166,667 in 2005.

	<i>No.</i>	<i>No.</i>	<i>No.</i>
Average number of persons employed (including executive directors)			
Branches	260	290	285
Administration	27	28	36
	<u>287</u>	<u>318</u>	<u>321</u>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Staff costs during the year (including executive directors)			
Wages and salaries	4,521	5,130	5,586
Social security costs	430	492	561
Other pension costs (see note 16)	57	53	76
	<u>5,008</u>	<u>5,675</u>	<u>6,223</u>

4. Operating profit

	2003	2004	2005
	£'000	£'000	£'000
Operating profit is stated after charging/(crediting):			
Depreciation charge on owned tangible fixed assets	1,679	1,359	1,361
Amortisation charge on intangible fixed assets	495	582	776
Profit on disposal of fixed assets	(54)	–	(20)
Operating leases			
Other	1,138	1,342	1,562
Hire of plant and machinery	–	8	24
Auditors' remuneration			
Current auditors			
Audit fees	–	–	48
Other services	–	–	6
Previous auditors			
Audit fees	47	58	20
Other services	9	8	25
	<u> </u>	<u> </u>	<u> </u>

5. Profit on disposal of fixed assets

During 2005, the Group disposed of three freehold properties, two of which were leased back under operating leases. The Group has applied the provisions of both SSAP 21 "Accounting for leases and hire purchase contracts" and FRS 5 "Reporting the substance of transactions" to the sale and leaseback transactions and recorded the full profit on disposal on an historic cost basis. In arriving at this treatment, the directors concluded that the disposal proceeds and subsequent rentals are at fair market amounts.

The profit on disposal of the freehold properties has been arrived at as follows:

	£'000
Sale proceeds	1,045
Costs of disposal	(37)
Net book value of freehold properties	<u>(110)</u>
Profit on disposal	<u>898</u>

There were no such material transactions in the prior periods.

The corporation tax payable in respect of the disposal of the properties is £250,000.

6. Interest payable and similar charges

	2003	2004	2005
	£'000	£'000	£'000
Interest payable on bank loans and overdraft	275	1,145	3,023
On other loans (note 14)	–	653	2,273
Other interest	–	–	29
Amortisation of debt issue costs	–	204	535
	<u>275</u>	<u>2,002</u>	<u>5,860</u>

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

	2003 £'000	2004 £'000	2005 £'000
Current tax			
United Kingdom corporation tax at 30% (2004 – 30%, 2003 – 30%) based on the profit for the period	1,647	1,229	481
Adjustments in respect of prior periods	(68)	–	(104)
Total current tax	<u>1,579</u>	<u>1,229</u>	<u>377</u>
Deferred tax			
Timing differences, origination and reversal	(73)	(51)	64
Adjustments in respect of prior periods	–	(118)	–
Total deferred tax (note 15)	<u>(73)</u>	<u>(169)</u>	<u>64</u>
Tax on profit on ordinary activities	<u>1,506</u>	<u>1,060</u>	<u>441</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2003 £'000	2004 £'000	2005 £'000
Profit on ordinary activities before taxation	<u>4,210</u>	<u>3,007</u>	<u>762</u>
Tax on profit on ordinary activities at standard rate	1,263	902	229
Effects of:			
Disallowed expenses and non-taxable income	311	276	348
Accelerated capital allowances and other timing differences	73	51	(82)
Short term timing differences	–	–	9
Disposal of properties	–	–	(23)
Adjustments to tax charge in respect of previous periods	<u>(68)</u>	<u>–</u>	<u>(104)</u>
Total actual amount of current tax	<u>1,579</u>	<u>1,229</u>	<u>377</u>

8. Intangible fixed assets

	<i>Goodwill arising on consolidation £'000</i>	<i>Purchased Goodwill £'000</i>	<i>Total Goodwill £'000</i>
Cost			
At 1 January 2003	–	9,201	9,201
Additions	–	835	835
At 31 December 2003	–	10,036	10,036
Additions	14,680	–	14,680
Eliminate amounts related to Harvey & Thompson Limited (see note 1)	–	(10,036)	(10,036)
At December 2004	14,680	–	14,680
Additions (see note 25)	–	218	218
Adjustments to fair value of assets acquired	530	–	530
Adjustments to issue cost	(66)	–	(66)
At 31 December 2005	15,144	218	15,362
Accumulated Amortisation			
At 1 January 2003	–	4,258	4,258
Charge for the year	–	495	495
As at 31 December 2003	–	4,753	4,753
Charge for the year	240	342	582
Eliminate amounts related to Harvey & Thompson Limited (see note 1)	–	(5,095)	(5,095)
At 31 December 2004	240	–	240
Charge for the year	771	5	776
At 31 December 2005	1,011	5	1,016
Net Book Value			
At 31 December 2005	14,133	213	14,346
At 31 December 2004	14,440	–	14,440
At 31 December 2003	–	5,283	5,283

The 2004 financial statements included provisional fair value adjustments with respect to fixed assets. The fair value adjustments were not finalised as at 31 December 2004 although this fact was not disclosed in the 31 December 2004 financial statements. In accordance with FRS 6 'Acquisitions and mergers', the Group has adjusted the fair values of certain items.

The fair value adjustments made relate to the finalisation of the fair value exercise undertaken with respect to the EPOS system in use at acquisition and the recoverability of certain receivables, namely VAT balances, the recoverability of which could not be assessed until a full reconciliation had been undertaken. The adjustments have been tax affected.

8. Intangible fixed assets (continued)

The provisional goodwill relating to the purchase of shares in Harvey & Thompson Limited through H&T Finance Limited has been adjusted by fair value adjustments as follows:

	<i>Book Value</i>	<i>Revaluation</i>	<i>Provisional fair values</i>	<i>Subsequent fair value adjustment</i>	<i>Adjusted fair value</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Assets and liabilities acquired					
Tangible fixed assets	5,546	(47)	5,499	(296)	5,203
Stocks	3,686	–	3,686	–	3,686
Debtors	27,120	–	27,120	(461)	26,659
Net cash/(overdraft)	(3,610)	–	(3,610)	–	(3,610)
Creditors	(989)	–	(989)	–	(989)
Corporation tax payable	(577)	–	(577)	138	(439)
Deferred tax	(175)	–	(175)	89	(86)
	<u>31,001</u>	<u>(47)</u>	<u>30,954</u>	<u>(530)</u>	<u>30,424</u>
Considerations					
Cash			(44,357)	–	(44,357)
Expenses			(1,277)	66	(1,211)
			<u>(45,634)</u>	<u>66</u>	<u>(45,568)</u>
Goodwill arising on consolidation			<u>14,680</u>	<u>464</u>	<u>15,144</u>

In the financial year to 31 December 2003, Harvey & Thompson Limited made a profit after tax of £2,704,000. For the period since that date to date of acquisition, Harvey & Thompson Limited management accounts show:

	<i>£'000</i>
Turnover	<u>17,168</u>
Operating profit	<u>3,250</u>
Profit before taxation	3,063
Taxation	<u>(926)</u>
Total recognised gains for period	<u>2,137</u>

9. Tangible fixed assets

	<i>Freehold land and buildings £'000</i>	<i>Short leasehold premises £'000</i>	<i>Motor vehicles £'000</i>	<i>Computer systems £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Total £'000</i>
Cost						
At 1 January 2003	1,117	3,895	229	2,489	2,666	10,396
Additions	233	1,007	97	219	488	2,044
Disposals	(407)	(375)	(104)	(47)	(260)	(1,193)
At 31 December 2003	943	4,527	222	2,661	2,894	11,247
Additions	–	580	169	373	215	1,337
Reallocations	(122)	145	–	78	(101)	–
Disposals	(11)	(592)	(33)	(86)	(567)	(1,289)
Fair value adjustment	–	–	–	(47)	–	(47)
At 31 December 2004	810	4,660	358	2,979	2,441	11,248
Additions	–	1,119	–	243	163	1,525
Fair value adjustments	–	–	–	(296)	–	(296)
Reallocations	(580)	580	–	–	–	–
Disposals	(143)	–	(143)	(84)	(8)	(378)
At 31 December 2005	87	6,359	215	2,842	2,596	12,099
Accumulated depreciation						
At 1 January 2003	117	1,959	94	1,340	1,328	4,838
Charge for the year	168	751	68	356	336	1,679
Disposals	(40)	(366)	(91)	(39)	(246)	(782)
At 31 December 2003	245	2,344	71	1,657	1,418	5,735
Charge for the year	55	567	81	371	285	1,359
Reallocations	32	(5)	–	20	(47)	–
Disposals	(11)	(592)	(24)	(86)	(566)	(1,279)
At 31 December 2004	321	2,314	128	1,962	1,090	5,815
Charge for the year	52	585	84	405	235	1,361
Reallocations	(311)	311	–	–	–	–
Disposals	(33)	–	(101)	(84)	(3)	(221)
At 31 December 2005	29	3,210	111	2,283	1,322	6,955
Net book value						
At 31 December 2005	58	3,149	104	559	1,274	5,144
At 31 December 2004	489	2,346	230	1,017	1,351	5,433
At 31 December 2003	698	2,183	151	1,004	1,476	5,512

As disclosed in note 5, certain freehold land and buildings were sold and leased back during 2005. The profit on disposal has been recognised in accordance with SSAP21 'Accounting for Leases and hire purchase contracts' and FRS5 'Reporting the substance of transaction.

10. Stocks

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Gold and jewellery	3,430	3,600	3,373

11. Debtors

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade debtors	22,585	24,206	26,752
Other debtors	69	161	86
Prepayments and accrued income	3,608	4,086	4,688
	<u>26,262</u>	<u>28,453</u>	<u>31,526</u>

Trade debtors include an amount of £24,378,000 related to the Pledge Book (2004 – £22,313,000; 2003 – £21,257,000).

12. Creditors: amounts falling due within one year

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Short term portion of bank loan	–	3,030	1,500
Unamortised issue costs	–	(595)	(518)
Net short term portion of bank loans	–	2,435	982
Deferred debt to third party	151	–	–
Trade creditors	591	575	859
Amounts owed to parent company	542	–	–
Corporation tax	713	629	73
Other taxation and social security costs	107	125	239
Accruals and deferred income	531	954	1,416
	<u>2,635</u>	<u>4,718</u>	<u>3,569</u>

13. Creditors: amounts falling due after more than one year

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loan	5,250	33,133	34,365
The Rutland Fund loan note (including accrued interest)	–	15,153	17,426
Unamortised issue costs	–	(1,424)	(801)
	<u>5,250</u>	<u>46,862</u>	<u>50,990</u>

14. Borrowings

The maturity profile of the carrying amount of Group borrowings as at 31 December is as follows:

	2003		2004		2005	
	<i>Bank loans</i>	<i>Rutland loan notes</i>	<i>Bank loans</i>	<i>Rutland loan notes</i>	<i>Bank loans</i>	<i>Rutland loan notes</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Due within one year	–	–	3,030	–	1,500	–
Due within one to two years	–	–	2,000	–	20,600	–
Due within two to five years	5,250	–	26,071	–	8,500	–
Due after five years	–	–	5,062	15,153	5,265	17,426
	<u>5,250</u>	<u>–</u>	<u>36,163</u>	<u>15,153</u>	<u>35,865</u>	<u>17,426</u>
Deferred debt issue costs	–	–	(2,019)	–	(1,319)	–
	<u>5,250</u>	<u>–</u>	<u>34,144</u>	<u>15,153</u>	<u>34,546</u>	<u>17,426</u>

Bank Loans

The bank borrowings of the Group are available under agreements which provide various loan facilities. Currently, the Group has borrowings under a senior debt loan (Facility A), a revolver loan (Facility B) and a Mezzanine Credit Agreement.

The Facility A Loan, repayable in instalments up to 8 September 2010, has an interest rate of LIBOR plus a margin of not more than 2.25%. A margin ratchet, offering reduced interest rates, may come into force from 31 December 2005 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest facility A margin achievable is LIBOR plus 1.75%. The margin ratchet may not fall below LIBOR plus 2.00% before 30 April 2006. As at 31 December 2005, the balance on the Facility A loan, including short-term, was £12,000,000 (2004 – £13,000,000; 2003 – £nil).

The Facility B Loan has an interest of LIBOR plus a margin of 2.00%. This loan is secured on the Loan Book of Harvey & Thompson Limited. The Facility B loan is repayable by 8 September 2007. As at 31 December 2005, the balance on the Facility B Loan was £18,600,000 (2004 – £18,100,000; 2003 – £nil).

A Mezzanine Credit Agreement has an annual interest rate of LIBOR plus 8%. As at 31 December 2005, the balance on this loan was £5,264,657 (2004 – £5,062,000; 2003 – £nil). 4% of the interest margin over LIBOR is compounded with the loan principal and is repayable when the loan principal is repaid. The loan is repayable in full by 8 September 2011.

Interest due on the loan agreements, other than the component disclosed with respect to the Mezzanine Credit Agreement is payable at each interest period end. Amounts outstanding at the year end are included in accruals.

All loans, with the exception of the Facility B Loan, are secured with a floating charge over the remaining assets of the companies in the H&T Group Plc group.

The loan of £5,250,000 in 2003 was repaid in 2004. It was guaranteed by the then parent company.

Rutland Loan Notes

The Rutland Fund loan note accrues interest at the rate of 15% per annum, which under certain circumstances rolls up into the principal loan amount. Both the loan note principal of £14,500,000 (2004 – £14,500,000; 2003 – £nil) and the interest are unsecured and repayable by 8 September 2011. In the year £2,273,000 (2004 – £653,000; 2003 – £nil) of interest on the loan note has been capitalised.

Deferred Debt Issue Costs

The movement in the deferred debt issue costs of £700,000 exceeds the profit and loss account charge for the year ended 31 December 2005 due to a revision of £165,000 to the estimate of accrued debt issue costs as at 31 December 2004.

15. Provisions for liabilities and charges – Deferred taxation

	2003 £'000	2004 £'000	2005 £'000
Short term timing differences	–	–	18
Excess of capital allowances over depreciation	327	158	115
	<u>327</u>	<u>158</u>	<u>133</u>
At 1 January	400	327	158
(Credit)/charge to profit and loss account	(73)	(169)	64
Arising on adjustment to Goodwill	–	–	(89)
At 31 December	<u>327</u>	<u>158</u>	<u>133</u>

16. Pension costs

The Company operates a self-administered pension scheme providing money purchase benefits based on the contributions paid to the Scheme. The assets of the Scheme are held separately from those of the Company.

The total pension cost for the Company during 2005 was £76,000 (2004 – £52,797, 2003 – £56,817). Outstanding pension contributions at 31 December 2005 amounted to £13,000 (2004 – £9,476, 2003 – £nil).

17. Called up share capital

	2003 £'000	2004 £'000	2005 £'000
Authorised:			
Ordinary A-Class shares of £1 each	–	830	830
Ordinary B-Class shares of £1 each	–	110	110
Ordinary C-Class shares of £1 each	–	60	60
Ordinary D-Class shares of £1 each	–	42	42
Ordinary shares at £1 each	15,520	–	–
	<u>15,520</u>	<u>1,042</u>	<u>1,042</u>
Allotted, called up and fully paid			
Ordinary A-Class shares of £1 each	–	830	830
Ordinary B-Class shares of £1 each	–	110	110
Ordinary C-Class shares of £1 each	–	60	60
Ordinary shares £1 each	15,000	–	–
	<u>15,000</u>	<u>1,000</u>	<u>1,000</u>

All classes of shares rank *pari passu* in all respects.

18. Combined statement of movement on reserves and reconciliation of movements in shareholders' funds

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 2003	15,000	15,528	30,528
Retained profit for the year	–	2,704	2,704
At 31 December 2003	15,000	18,232	33,232
Elimination of amounts related to Harvey & Thompson Limited	(15,000)	(20,369)	(35,369)
Issue of share capital	1,000	–	1,000
Retained profit for the year	–	1,947	1,947
At 31 December 2004	1,000	(190)	810
Retained profit for the year	–	321	321
At 31 December 2005	1,000	131	1,131

19. Financial commitments

At 31 December 2005 the Group had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>			<i>Other</i>		
	<i>2003 £'000</i>	<i>2004 £'000</i>	<i>2005 £'000</i>	<i>2003 £'000</i>	<i>2004 £'000</i>	<i>2005 £'000</i>
Leases which expire:						
Within one year	107	54	108	–	–	–
Within two to five years	206	314	489	–	24	24
After five years	714	768	1,103	–	–	–
	<u>1,027</u>	<u>1,136</u>	<u>1,700</u>	<u>–</u>	<u>24</u>	<u>24</u>

20. Capital commitments

The Group entered into contracts for capital expenditure totalling £nil (2004 – £55,631, 2003 – £83,884) before 31 December 2005.

21. Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	<i>2003 £'000</i>	<i>2004 £'000</i>	<i>2005 £'000</i>
<i>Continuing operations</i>			
Operating profit	4,482	5,001	5,708
Amortisation of intangible fixed assets	495	582	776
Profit on disposal of fixed assets	(54)	–	(20)
Write off purchased goodwill	–	73	–
Depreciation of tangible fixed assets	1,679	1,359	1,361
(Increase)/Decrease in stock	(372)	(170)	456
Increase in debtors	(2,549)	(2,191)	(3,429)
Increase/(decrease) in creditors	725	(648)	569
Net cash inflow from operating activities	<u>4,406</u>	<u>4,006</u>	<u>5,421</u>

22. Reconciliation of movement in net debt

	<i>1 Jan</i>	<i>Cash</i>	<i>31 Dec</i>	<i>Cash</i>	<i>Non cash</i>	<i>31 Dec</i>	<i>Cash</i>	<i>Non cash</i>	<i>31 Dec</i>
	<i>2003</i>	<i>flow</i>	<i>2003</i>	<i>flow</i>	<i>items</i>	<i>2004</i>	<i>flow</i>	<i>items</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>		<i>£'000</i>			<i>£'000</i>
Cash	692	265	957	(335)	–	622	812	–	1,434
Short-term loans	–	–	–	(3,030)	–	(3,030)	1,000	530	(1,500)
	692	265	957	(3,365)	–	(2,408)	1,812	530	(66)
Long-term loans	(4,550)	(700)	(5,250)	(42,832)	(204)	(48,286)	(500)	(3,005)	(51,791)
	(3,858)	(435)	(4,293)	(46,197)	(204)	(50,694)	1,312	(2,475)	(51,857)

The non-cash items include amortisation of loan issue costs, unpaid interest and movements to reflect the repayment date of borrowings

23. Reconciliation of net cash flow to movement in net debt

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Increase/(decrease) in cash for the year	265	(335)	812
Net cash (inflow)/outflow from			
(increase)/decrease in debt	(700)	(45,391)	500
Capitalised interest	–	(675)	(2,475)
Movement in net debt in the year	(435)	(46,401)	(1,163)
Net debt at start of the year	(3,858)	(4,293)	(50,694)
Net debt at end of year	(4,293)	(50,694)	(51,857)

24. Related parties and control

A controlling interest in the Group is held by four UK Limited Partnerships which are collectively known as The Rutland Fund. This controlling interest takes the form of holding the majority of the issued ordinary shares in H & T Group Limited. By virtue of its controlling interest and the majority voting power held by the directors appointed by these ordinary shareholders, the Directors consider The Rutland Fund to be the ultimate controlling party of Harvey & Thompson Limited.

The Group is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the H & T Group Limited group.

Up to September 2004, Harvey & Thompson Limited was a wholly owned subsidiary of Cash America International Incorporated and took advantage of the same exemptions.

Balances at 31 December:

<i>Related Party</i>	<i>Nature of Balance</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
The Rutland Fund	Loans due after five years	–	15,153	17,426
Rutland Partners LLP	Accrual	–	31	–

Transactions in the year:

<i>Related Party</i>	<i>Nature of Balance</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
The Rutland Fund	Interest payable on loan notes	–	653	2,273
Rutland Partners LLP	Management charges	–	31	100
Rutland Partners LLP	Transaction fee	–	308	–

25. Acquisitions

The Group purchased Harvey & Thompson Limited on 8 September 2004. See note 8 for details.

The Group made the following acquisitions during 2005:

	<i>Acquisition 1</i>	<i>Acquisition 2</i>	<i>Acquisition 3</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Assets acquired:				
Fixtures & fittings	10	20	51	81
Retail stock	222	–	7	229
Debtors	35	61	9	105
Cash	–	–	3	3
Total assets acquired	<u>267</u>	<u>81</u>	<u>70</u>	<u>418</u>
Consideration:				
Cash	<u>390</u>	<u>145</u>	<u>101</u>	<u>636</u>
Total consideration	<u>390</u>	<u>145</u>	<u>101</u>	<u>636</u>
Goodwill	<u>123</u>	<u>64</u>	<u>31</u>	<u>218</u>

Acquisition 1

On 16 May 2005, the Group reached agreement to acquire the trade and assets of an independent jeweller and pawnbroker. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

Acquisition 2

On 17 October 2005, the Group reached agreement to acquire the trade and assets of an independent jeweller and pawnbroker. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

Acquisition 3

On 15 November 2005, the Group reached agreement to acquire the trade and assets of an independent jeweller, pawnbroker and cheque casher. The directors consider the book values to be the fair value of those assets and liabilities acquired. There are no material cash flows relating to the acquisition.

No information is provided on the pre-acquisition trading of the above business as this is not available.

The results of the businesses acquired are not material to warrant separate disclosure on the face of the consolidated profit and loss account.

25. Acquisitions (continued)

The Group made the following acquisitions during 2003:

	<i>Acquisition 1</i>	<i>Acquisition 2</i>	<i>Other share</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>acquisitions</i>	<i>£'000</i>
			<i>£'000</i>	
Assets acquired:				
Fixtures & fittings	30	20	48	98
Pledge stock	226	197	113	536
Retail stock	–	62	2	64
Debtors	102	1	–	103
Freehold land and buildings	–	–	67	67
Total assets acquired	<u>358</u>	<u>280</u>	<u>230</u>	<u>868</u>
Consideration cash:	<u>766</u>	<u>667</u>	<u>270</u>	<u>1,703</u>
Goodwill:	<u>408</u>	<u>387</u>	<u>40</u>	<u>835</u>

All acquisitions relate to acquisition of the trade and assets of independent jewellers, pawnbrokers and cheque cashers. In all cases, the directors consider the book values to be the fair values of those assets and liabilities acquired. There were no material cash flows related to the acquisitions other than as stated above.

PART V

PRO FORMA FINANCIAL INFORMATION

A. Pro forma net assets

The unaudited pro forma statement of consolidated net assets of the Group set out below, has been prepared to illustrate the effect on the consolidated net assets of the Group had the Placing and Admission taken place on 31 December 2005. The unaudited pro forma statement of consolidated net assets has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, may not give a true picture of the actual financial position of the Company following the Placing and Admission.

The pro forma statement of net assets is based on the audited financial statements of the Group as at 31 December 2005 and adjusted for items disclosed in note 2 below:

	<i>Consolidated net assets at 31 December 2005 Note 1 £'000</i>	<i>Adjustments Note 2 £'000</i>	<i>Pro forma £'000</i>
Fixed assets			
Intangible assets	14,346	–	14,346
Tangible assets	5,144	–	5,144
	19,490	–	19,490
Current assets			
Stocks	3,373	–	3,373
Debtors	31,526	–	31,526
Cash at bank and in hand	1,434	–	1,434
	36,333	–	36,333
Creditors: amounts falling due within one year	(3,569)	(3,400)	(6,969)
Net current assets	32,764	(3,400)	29,364
Total assets less current liabilities	52,254	–	48,854
Creditors: amounts falling due after more than one year	(50,990)	18,332	(32,658)
Provisions for liabilities and charges	(133)	–	(133)
Net assets	1,131	14,932	16,063

Notes:

1. The consolidated net assets information has been extracted without material adjustment from the audited financial statements of the Company for the year ended 31 December 2005, as set out in Part IV of this document.
2. The adjustment made to creditors: amounts falling due after more than one year in the pro forma net assets statements reflect a decrease in long term creditors of £18.3 million. This is based on receipt of the gross proceeds of the Placing of £18.2 million plus a further £0.1 million conversion of Loan Notes into new shares. The adjustment made to creditors: amounts falling due within one year of £3.4 million relate to the estimated expenses of the Company (including VAT) for the Placing and Admission from the issue of the New Shares and the repayment to the Loan Notes and accrued interest.
3. No account has been taken of trading or any other transactions since 31 December 2005.

B. Pro forma profit and loss

The unaudited pro forma profit on ordinary activities before taxation of the Group set out below has been prepared to illustrate the effect on the profit on ordinary activities before taxation of the Company had the Placing and Admission taken place on 31 December 2005. The unaudited pro forma statement of consolidated profit on ordinary activities before taxation has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore, may not give a true picture of the actual financial position or results of the Company following the Placing and Admission.

The pro forma Group of profit on ordinary activities before taxation is based on the financial statements of the Group for the year ended 31 December 2005 and adjusted for items disclosed in note 2 below:

	<i>Note</i>	<i>Year ended 31 December 2005 £'000</i>
Profit on ordinary activities before taxation	1	762
Adjustments:		
Interest payable on Rutland Fund Loan Notes	2	2,273
Pro forma profit on ordinary activities before taxation		<u>3,035</u>

Notes:

1. The profit on ordinary activities before taxation has been extracted without material adjustment from the financial information set out in Part IV of this document.
2. The proceeds from the issue of the New Shares is expected to be £18.2 million. This will be used to redeem the Rutland Fund Loan Notes. The adjustment reflects the interest charged to the profit and loss account for the year ended 31 December 2005.
3. Upon Admission the Mezzanine Debt and Senior Facility Agreement (as defined in paragraph 7(d) of Part VI) will be refinanced by new debt facilities described in paragraph 7 of Part VI of this document. No adjustments have been made to reflect this expected change to derive the pro forma profit. Based on the terms of the respective financing arrangements, the average interest rate applicable to the new debt financing will be lower than that which applies to the Mezzanine Debt and Senior Facility Agreement outstanding prior to Admission.

PART VI

ADDITIONAL INFORMATION

1. Incorporation and general

The Company was incorporated in England and Wales on 23 July 2004 under the name of Ever 2441 Limited (with registered number 5188117) as a private limited company under the Companies Act. By a special resolution passed on 20 August 2004 the Company changed its name to H&T Group Limited. The Company was re-registered as a public company on 25 April 2006 and changed its name to H&T Group plc on 25 April 2006. Its registered office and its principal place of business is at Times House, Throwley Way, Sutton, Surrey SM1 4AF.

The principal legislation under which the Company and its subsidiaries were formed and now operate is the Companies Act.

The Company is the ultimate holding company of the Group and has the following subsidiaries:

<i>Name</i>	<i>Class of shares held</i>	<i>Principal Activity</i>	<i>Percentage of shares and voting rights held</i>
Harvey & Thompson Limited	ordinary shares of £1 each	Pawn Broking	100
H&T Finance Limited	ordinary shares of £1 each	Group Financing	100

The registered office of each of the above companies is at Times House, Throwley Way, Sutton, SM1 4AF.

2. Share capital

- (a) The following table shows the authorised and issued share capital of the Company (all of which are fully paid) (i) as at the date of this document; and (ii) immediately following Admission:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>
(i) Current	£1,041,667	1,041,667	£1,000,000 ¹	1,000,000
(ii) Immediately following Admission	£2,098,500	41,970,000	£1,574,285	31,485,706

- (b) The Placing is expected to result in the allotment and issue of up to 10,652,366 new shares, diluting holders of Existing Shares by 33.6 per cent.
- (c) Following Admission the Company will not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company. No Ordinary Shares are held by or on behalf of the Company.
- (d) The par value of each Ordinary Share is £1. By a special resolution of the Company dated 2 May 2006, conditional on Admission, the Existing Shares were subdivided into ordinary shares of 5 pence each.
- (e) The Company has not issued Ordinary Shares that are not credited as fully paid up.
- (f) The following alterations in the share capital of the Company have taken place since the date of incorporation of the Company:
- (i) the Company was incorporated in 23 July 2004 with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each, of which 1 ordinary share of £1 was issued fully paid up to the subscriber to the memorandum of association of the Company, being Everdirector Limited;

¹ Comprising, as at the date of this document, 830,000 "A" Ordinary Shares, 110,000 "B" Ordinary Shares and 60,000 "C" Ordinary Shares. By a special resolution of the Company dated 2 May 2006, conditional upon Admission, such shares were redesignated as 1,000,000 Ordinary Shares.

- (ii) by resolutions of the shareholders passed as written resolutions on 8 September 2004:
- (1) the 1 existing issued ordinary share of £1 in the Company and the 999 existing but unissued ordinary shares of £1 in the Company were re-designated as 'A' Ordinary Shares;
 - (2) the share capital of the Company was increased from £1,000 to £1,041,667 divided into 830,000 'A' Ordinary Shares, 110,000 'B' Ordinary Shares, 60,000 'C' Ordinary Shares and 41,667 'D' Ordinary Shares;
 - (3) the Directors were unconditionally authorised to allot relevant securities (as defined by section 80 of the Act) up to a maximum nominal value of £1,041,666, such authority to expire 5 years after the passing of the resolution unless previously renewed, revoked or varied in any way; and
 - (4) the Directors were unconditionally empowered pursuant to section 95 of the Act to allot or agree to allot the authorised but unissued share capital of the Company as if the provisions of section 89 and 90 of the Act did not apply to such allotment or agreement to allot, such authority to expire 5 years after the passing of the resolution;
- (iii) on 8 September 2004 the subscriber share was transferred to The Rutland Partnership.
- (iv) on 8 September 2004 the following allotments were made at par for cash:

<i>Applicant</i>	<i>Number and class of share allotted</i>
The Rutland Partnership	395,837 "A" Ordinary Shares 28,615 "C" Ordinary Shares
Rutland Fund A	425,328 "A" Ordinary Shares 36,747 "C" Ordinary Shares
Rutland CCLP	6,148 "A" Ordinary Shares 444 "C" Ordinary Shares
Rutland Park Avenue LP	2,686 "A" Ordinary Shares 194 "C" Ordinary Shares
John Nichols	70,000 "B" Ordinary Shares
John Hughes	40,000 "B" Ordinary Shares

- (v) on 23 June 2005 The Rutland Partnership, Rutland Fund A, Rutland CCLP and Rutland Park Avenue LP transferred 9,538, 10,249, 148 and 65 "C" Ordinary Shares respectively to Stephen Fenerty;
- (vi) on 23 June 2005 John Hughes transferred 40,000 "B" Ordinary Shares to Laurent Genthialon;
- (vii) by resolutions of the shareholders passed at extraordinary general meetings on 2 May 2006, the following alterations were approved, conditional on Admission:
- (1) the redesignation of the existing issued A Ordinary, B Ordinary and C Ordinary Shares and unissued share capital of the Company into 1,041,667 ordinary shares of £1.00 each;
 - (2) the subdivision of the existing issued A Ordinary, B Ordinary and C Ordinary Shares and unissued share capital of the Company into 20,833,340 ordinary shares of 5p each;
 - (3) the increase of the authorised share capital of the Company from £1,041,667 to £2,098,500 by the creation of 21,136,660 new ordinary shares of 5p each;
 - (4) the authorisation of the directors to allot relevant securities pursuant to section 80 of the Act up to a maximum nominal amount of £524,215, such authority to expire on the conclusion of the annual general meeting of the Company to be held in 2007;
 - (5) the authorisation of the directors to allot equity securities pursuant to section 95 of the Act as if section 89(1) of the Act did not apply to such allotment up to a maximum nominal amount of £78,714, such authority to expire on the conclusion of the annual general meeting of the Company to be held in 2007;

- (g) The authorised but unissued share capital of the Company immediately following Admission will be £524,215, representing approximately 25 per cent. of the Company's authorised share capital which the Directors will be authorised to allot pursuant to the authority referred to in paragraph 3(f)(vii) above.
- (h) Save as disclosed in paragraph 3(f)(vii) above, since its incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- (i) As at the date of this document, no options to subscribe for Ordinary Shares have been granted under the Share Option Schemes.
- (j) Save for the issue of the Placing Shares and otherwise pursuant to the Share Option Schemes, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (k) The New Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (l) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission. The Ordinary Shares to be issued pursuant to the Placing are being issued at a price of 172p per share, representing a premium of 167p over the nominal value of 5p each. The expected issue date of the New Shares is 8 May 2006.
- (m) The Ordinary Shares will be in registered form and will be capable of being held in certificated and uncertificated form. Title to Ordinary Shares to be held in certificated form will be evidenced by entry in the register of members of the Company and title to Ordinary Shares to be held in uncertificated form will be evidenced by entry in the operator register maintained by CRESTCo (which forms part of the register of members of the Company). No share certificates will be issued in respect of Ordinary Shares to be held in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation.
- (n) Except in relation to dividends which have been declared and rights on a liquidation of the Company (see paragraph 2(q) of this Part VI), the Shareholders have no rights to share in the profits of the Company.
- (o) All holders of Ordinary Shares will have the right to attend and vote at general meetings of the Company or to appoint a proxy to attend and vote at such meetings on their behalf. Shareholders who are present in person or (being a corporation) are present by a duly appointed representative at a general meeting, can vote on a show of hands and will have one vote each. Proxies cannot vote on a show of hands. On a poll, every Shareholder present in person, by a duly appointed representative or by proxy will have one vote for every share held. At any general meeting, a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is demanded.
- (p) Subject to the Act, any equity shares issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years. As noted in paragraph 2(f)(vii) of this Part VI, the pre-emption rights referred to in this paragraph have been disapplied by the Company to the extent noted in that paragraph.
- (q) If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the liquidator can, with the authority of an extraordinary resolution of the Shareholders and any other sanction required by applicable law, divide among the Shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or of different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between the Shareholders. The liquidator can transfer any part of the assets to trustees upon such trust for the benefit of the Shareholders as the liquidator, acting under that resolution, decides.

- (r) Whilst the Ordinary Shares are not redeemable, the Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the Act and any other applicable regulatory requirements. The Company may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.
- (s) The Articles do not contain any provisions relating to conversion of the Ordinary Shares.
- (t) Save as set out below, the new Ordinary Shares will be freely transferable.
- (u) The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest in its shares, and the extent of their interest in a particular holding of shares. If a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it and the shares which are the subject of the notice represent in aggregate at least 0.25 per cent. of that class of share, the Directors can decline to register any transfer of the shares which are the subject of the statutory notice. Once a restriction notice has been given, the Directors are free to cancel it or exclude any shares from it at any time they think fit. The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid. They may also decline to register a transfer of Ordinary Shares in favour of more than four persons jointly.
- (v) The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.
- (w) Under the Act, if any offeror were to acquire or contract to acquire 90 per cent. of the Ordinary Shares to which an offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.
- (x) The Act also gives minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.
- (y) The offeror would be required to give any Shareholder notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.
- (z) There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

3. Memorandum and Articles

The principal objects of the Company, which are set out in clause 3 of its memorandum of association, are to act as a general commercial company.

The Articles contain, *inter alia*, provisions to the following effect:

(a) *Voting rights*

Subject to paragraph 3(f) below, and to any special terms as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every Ordinary Share held by him. A proxy need not be a member of the Company.

(b) *Variation of rights*

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(c) *Alteration of capital*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company which are of the same class as those proposed to be purchased.

(d) *Transfer of shares*

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 3(f) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) *Dividends*

(i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits of the Company available for distribution and

no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.

- (ii) Subject to the Companies Act and the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any part of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall be forfeited and shall revert to the Company.

(f) *Suspension of rights*

If a member or any other person appearing to be interested in shares held by such Shareholder has been duly served with notice under section 212 of the Companies Act or any other provision of the Act concerning the disclosure of interests in voting shares and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (unless the Directors determine) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than to a *bona fide* unconnected third party.

(g) *Return of capital*

Subject to any special rights attached to any class of share, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up or deemed to be paid up on their Ordinary Shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also, with the authority of an extraordinary resolution, vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

(h) *Pre-emption rights*

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, Shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to Shareholders.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow or raise money, to mortgage or charge its undertaking, property, assets and uncalled capital and, subject to section 80 of the Act, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company, any subsidiary of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them shall not at any time without the previous sanction of the Shareholders in general meeting exceed four times the Company's Adjusted Capital and Reserves, as defined in the Articles, being the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the consolidated capital and reserves of the Company and each of its subsidiary companies whether distributable or undistributable (including, without limitation, any share premium

account, capital redemption reserve, property revaluation reserve and profit and loss account) all as shown by the then latest audited accounts of the Company and its subsidiaries but after excluding certain sums and making certain adjustments including, *inter alia*, excluding sums set aside for taxation (including deferred taxation) and all amounts owing by the Group in respect of the Loan Notes.

(j) *Annual General Meeting*

An annual general meeting is to be held once every year at such time and place as may be determined by the Directors. Annual general meetings shall be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days' notice in writing, exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Directors, such day being not more than 21 days before the day that the notice of meeting is sent. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(k) *Extraordinary General Meetings*

Extraordinary general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Act. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on 21 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. Any other extraordinary general meeting is to be called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(l) *Directors*

Save as provided in the Articles, a Director shall not vote as a director of the Company in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he has any interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company), and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (iv) any matters involving or relating to any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise), provided that he and any persons connected with him are not to his knowledge the holder (otherwise than

as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent, or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or

- (v) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or
- (vi) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive directors at such rates as the Directors may from time to time determine, provided that such fees do not in the aggregate exceed such figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such additional remuneration as the Directors or any committee appointed by the Directors may determine.

The Directors (including alternate Directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them respectively in and about the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director of the Company for such period and on such terms as the Directors may determine and a Director or intending Director may enter into any contract, arrangement, transaction or proposal with the Company with regard to his tenure of any other such office or employment with the Company or as a vendor, purchaser or otherwise. No such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or any person connected with him is in any way directly or indirectly interested is liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, provided that he has disclosed his interest in accordance with the Companies Act.

The remuneration and other terms and conditions of appointment of a Director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or by any combination of those modes.

Each Director shall be required to retire from office at the conclusion or adjournment of the annual general meeting held after he attains the age of 70, but shall be eligible for re-appointment.

(m) Directors Indemnity

- (i) Subject to the provisions of, and so far as may be permitted by, the Act, every Director, alternate director, auditor, secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or the exercise of his powers or otherwise in relation to or in connection with his duties, powers of office, including any liability which may attach to him in

respect of any negligence, default, breach of duty or breach of trust in relation to anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate director, auditor, Secretary or other officer of the Company.

- (ii) The Directors may purchase and maintain at the cost of the Company insurance cover for or for the benefit of every Director, alternate director, auditor, secretary or other officer of the Company or of any associated company (as defined in the Act) against any liability which may attach to him in respect of any negligence, default, breach of duty or breach of trust by him in relation to the Company (or such associated company), including anything done or omitted to be done or alleged to have been done or omitted to be done by him as a Director, alternate director, auditor, secretary or other officer of the Company or any associated company.
- (iii) Subject to the provisions of, and so far as may be permitted by, the Act, the Company shall be entitled to fund the expenditure of every Director, alternate director or other officer of the Company incurred or to be incurred:
 - (a) in defending any criminal or civil proceedings; or
 - (b) in connection with any application under sections 144(3), 144(4) or 727 of the Act.

A Director shall be entitled to vote and be counted in the quorum at any meeting of the Board or a committee of the Board at which any indemnity, arrangement or proposal falling within any of the provisions of this paragraph 3(m) is to be considered and, any interest which any Director may have in such indemnity, arrangement or proposal shall not be considered a material interest unless the terms of such indemnity, arrangement or proposal confer upon such Director a privilege or benefit not generally available, or awarded to, any other Director.

4. Employee Share Incentives

The Approved Scheme

The Company adopted the Approved Scheme on 25 April 2006. The principal terms of the Approved Scheme (referred to in this section as the “CSOP”) are summarised below. With effect from Admission, the CSOP has been approved by HMRC under Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003.

As at the date of this document, no options have been granted under the CSOP.

(a) *Eligibility*

All employees (including full time executive Directors) of the Company and any of its subsidiaries may be granted options over Ordinary Shares under the CSOP provided that they are not prohibited under the relevant legislation relating to HMRC approved company share option plans from being granted an option by virtue of having (or having had) a material interest in the Company.

(b) *Grant*

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and (subject to the limits set out below) in determining the number of Ordinary Shares subject to each option. No consideration is payable for the grant of an option.

Options may be granted at the discretion of the Remuneration Committee at any time during the period of 42 days commencing on:

- (i) Admission;
- (ii) the dealing day immediately following the date of the preliminary announcement of the Company’s annual results or the announcement of its half-yearly results in any year;
- (iii) the dealing day immediately following the date on which any rule of the AIM Rules or any statute, regulation or order effective for the time being to prohibit the grant of options shall cease to have effect; and

(iv) any other time fixed by the Remuneration Committee where in its discretion circumstances are considered to be exceptional so as to justify the grant of options.

(c) *Scheme limit*

On any date, no option may be granted under the CSOP, if (as a result) the aggregate nominal value of Ordinary Shares issued or issuable pursuant to options granted during the previous 10 years under the CSOP or under any other employees' share scheme adopted by the Company would exceed 10 per cent. of the nominal value of the share capital of the Company in issue on that date.

Any Ordinary Shares issued or then capable of being issued pursuant to options granted on or prior to Admission (whether under the CSOP or any other employees' share scheme adopted by the Company) shall not count towards the limit set out above and any Ordinary Shares already in issue when placed under option or subject to an option which has lapsed shall be disregarded for the purpose of the above limit.

(d) *Individual limit*

Each individual's participation is limited so that the aggregate market value of Ordinary Shares subject to all options, (taken as at the date of grant of each option), held by that individual and granted under the CSOP and any other HMRC approved company share option plan operated by the Company or any associated company shall not exceed £30,000 (or such other amount as may be permitted by HMRC).

(e) *Exercise price*

The exercise price of an option is determined by the Remuneration Committee at the time of grant but may not be less than the greater of (i) the market value of the Ordinary Shares as agreed with HMRC and (ii) in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

The exercise price may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of shares pursuant to the exercise of an option given to the shareholders of the Company to receive shares in lieu of a dividend) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustment will require the prior approval of HMRC.

(f) *Performance conditions*

The exercise of options granted under the CSOP will in normal circumstances be conditional upon the achievement of an objective performance target set at the time of grant. The Remuneration Committee will meet shortly after Admission to determine the performance criteria for the CSOP.

The performance target applying to any option may be waived or amended on the occurrence of any specific event or events fixed by the Remuneration Committee and which are set out in the performance target issued on the grant of the option concerned. Furthermore, if events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original performance target provided that any such amended target is neither more difficult nor easier to achieve than the original performance target was intended to be.

It should also be noted that the performance target may be measured over an abbreviated performance period of less than three years in circumstances where an employee ceases to be an employee of the Company or any of its subsidiaries before the end of the relevant performance period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant performance period. In these circumstances, the performance target may be modified in such manner as the Remuneration Committee thinks fit so as to be applied over such abbreviated performance period but the number of Ordinary Shares over which options may be exercised shall be pro-rated down (on a time apportioned basis).

(g) *Exercise of options*

Options may normally only be exercised between the third and tenth anniversaries of the date of grant provided that the performance conditions to which they are subject have been satisfied or waived.

Options may, however, be exercised early notwithstanding that the third anniversary of grant has not yet passed in certain circumstances. In particular, options may be exercised for a period of 6 months after the option holder ceases to be employed by the Company and any of its subsidiaries in certain special circumstances, such as injury, redundancy and retirement of the option holder or upon the sale or transfer out of the group of the company or undertaking employing him. In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within 12 months following the date of his death. Where an option holder ceases to be employed within the group for any other reason, options may also become exercisable at the discretion of the Remuneration Committee.

Exercise of options is also possible in the event of a takeover, an amalgamation or reconstruction sanctioned by the court or the voluntary winding up of the Company.

In all of these circumstances allowing for the early exercise of an option, the option may not be exercised unless the performance condition to which it is subject has been satisfied. As noted above, however, the performance condition may be adjusted so as to be measured over a shorter performance period (see under heading, "Performance conditions"). In addition, the number of Ordinary Shares over which options may be exercised shall be pro-rated down (on a time apportioned basis).

In the event of a takeover, an amalgamation or a reconstruction of the Company sanctioned by the court, an option holder may be allowed to exchange his option for new options over shares in the acquiring company, provided that the acquiring company agrees to such exchange and the rights under the new option are equivalent to those under the old option.

No option shall be capable of exercise following the tenth anniversary of its date of grant and on such tenth anniversary the option shall lapse.

Options may not be exercised during any prohibited period specified by the AIM Rules.

An option holder will indemnify his employer company against all PAYE income tax and national insurance contributions (including employer's contributions) arising on the exercise of the option.

(h) *Other option terms and issues of Ordinary Shares*

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the Ordinary Shares subject to those options.

Ordinary Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the Ordinary Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such exercise. For so long as the Ordinary Shares are traded on AIM, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of any options are admitted to trading as soon as practicable after allotment.

Benefits obtained under the CSOP are not pensionable.

(i) *Administration and amendments*

The CSOP is administered by the Remuneration Committee. The Remuneration Committee may amend the provisions of the CSOP. However, no amendment to a key feature of the CSOP shall have effect until HMRC has approved such amendment. In addition, no amendment may be made to the limit on the number of shares which may be issued under the CSOP to the advantage of any option holder or potential option holder without the prior approval of the Company in general meeting.

(j) *Termination*

The CSOP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted under the CSOP after such termination. Termination shall not affect the outstanding rights of existing option holders.

The Unapproved Scheme

The Company adopted the Unapproved Scheme on 25 April 2006. The terms of the Unapproved Scheme are materially the same as those of the CSOP apart from the differences summarised below.

As at the date of this document, no options have been granted under the Unapproved Scheme.

(a) *Eligibility*

All employees (including all executive Directors, whether full time or otherwise) of the Company and any of its subsidiaries may be granted options over Ordinary Shares under the Unapproved Scheme.

(b) *Individual limit*

The aggregate market value (as at the date of grant) of Ordinary Shares subject to options granted to an individual under the Unapproved Scheme will not be limited to £30,000.

Each individual's participation is limited, however, so that the aggregate market value of Ordinary Shares subject to all options (taken as at the date of grant of each option) granted to that individual in any one financial year under the Unapproved Scheme or the CSOP (or any other discretionary share plan operated by the Company) cannot exceed 100 per cent. of that individual's salary for the time being. The Remuneration Committee has a discretion to waive this limit in exceptional circumstances.

(c) *Amendments to the Unapproved Scheme*

As the Unapproved Scheme will not be approved by HMRC under schedule 4 to the Income Tax (Earnings and Pensions) Act 2003, amendments to the Unapproved Scheme will not require the prior approval of HMRC.

5. Directors' interests

- (a) The interests of each Director and those of any person connected with him within the meaning of section 346 of the Act ("Connected Person"), all of which are beneficial, in the issued share capital of the Company which (i) have been notified to the Company pursuant to section 324 or 328 of the Act, or (ii) are required to be entered into the register maintained under section 325 of the Companies Act, or (iii) are interests of a Connected Person which would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known or could with reasonable diligence be ascertained by the Director are as follows:

<i>Name</i>	<i>Immediately prior to Admission</i>		<i>Immediately following Admission</i>	
	<i>Ordinary Shares</i>	<i>%</i>	<i>Ordinary Shares</i>	<i>%</i>
Andrew Brown	–	–	12,000	0.04
Stephen Fenerty	20,000 C Ordinary Shares	2	400,000	1.27
Laurent Genthialon	40,000 B Ordinary Shares	4	800,000	2.54
Peter McNamara	–	–	12,000	0.04
Peter Middleton	–	–	12,000	0.04
John Nichols	70,000 B Ordinary Shares	7	1,400,000	4.45

Andrew Brown, Peter McNamara and Peter Middleton have each agreed to acquire 12,000 Ordinary Shares at the Placing Price.

Paul Cartwright and Ben Slatter resigned as directors of each company within the Group on 25 April 2006. Paul Cartwright and Ben Slatter continue to have an interest in the Ordinary Shares through their respective interests in Rutland CCLP.

- (b) Save as disclosed in paragraph 5(a) above, no Director has an interest in unissued shares of the Company held under the Share Option Scheme.
- (c) Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company nor does any person connected with any of the Directors (within the meaning of section 346 of the Act) have any such interests, whether beneficial or non-beneficial.
- (d) The Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Andrew Brown	Countrywide plc Countrywide Principal Services Limited Framlington Income & Capital Trust PLC The Children's Trust Limited Walton Heath Golf Club Limited 56 Denbigh Street Management Limited Numicon Limited Thames River Capital (UK) Limited	Balanus Limited Edinburgh Fund Managers Group plc Hawkpoint Partners Limited Hydra Associates Financial Services Limited Hydra Associates Limited Misys Eagleye Limited Prudential Lifetime Mortgages Limited Scottish Amicable ISA Managers Limited Scottish Amicable Unit Trust Managers Limited
Stephen Fenerty	Harvey & Thompson Limited H&T Group plc H&T Finance Limited	None
Laurent Genthialon	Harvey & Thompson Limited H&T Group plc H&T Finance Limited	Envoy Wines Limited Oddbins Limited Oddbins Card Services Limited The Destination Wine Company Limited Castel UK Limited
Peter McNamara	Radian Europe Limited	Alliance & Leicester Commercial Bank plc Alliance & Leicester Group Treasury plc Alliance & Leicester plc Charmseat Limited Cash Web Corporation Limited G2 Limited J Wesley Bank Limited John Wesley Bank Limited Londis (Holdings) Limited Medical Sickness Limited Moneybox Corporation Limited Moneybox Holdings Limited Moneybox plc The Medical Sickness Annuity and Life Assurance Society Limited Wesleyan Assurance Society Wesleyan Financial Services Limited Wesleyan Home Loans Limited Wesleyan Savings Bank Limited Wesleyan Trustees Limited Wesleyan Unit Trust Managers Limited

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Peter Middleton	Harvey & Thompson Limited H&T Group plc H&T Finance Limited GTL Resources PLC GTL Resources Overseas Investments Limited Fadmoor Consultancy Limited	Brighthouse Limited Rockingham Motor Speedway Limited SCSA Racing Limited New Musical Devices Limited Balfonic Limited Tees Valley Regeneration Limited
John Nichols	Harvey & Thompson Limited The National Pawnbrokers' Association NPA Clearing Services H&T Group plc H&T Finance Limited	None

- (e) John Nichols was a director of Inverloch Leisure Limited from June 1994 to March 1996. The company subsequently entered into a members voluntary liquidation and is now dissolved.
- (f) Save as disclosed in paragraph 5(e) above, no Director:
- (i) has any convictions in relation to indictable offences; or
 - (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (iv) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset: or
 - (v) has had any public criticism or suffered any incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
 - (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or
 - (vii) has had any name other than his existing name.
- (g) So far as the Directors are aware, save as disclosed at paragraph 5(a) above, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- (h) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.
- (i) The Company has been notified pursuant to Part VI of the Act of the following interests in three per cent. or more of the Company's issued share capital as at the date of this document held by persons other than a Director (and expects their interests immediately following Admission to be as follows):

	<i>As at the date of this document</i>	<i>Immediately following Admission</i>
The Rutland Partnership	395,839 A Ordinary Shares and 19,077 C Ordinary Shares	Nil
Rutland Fund A LP	425,328 A Ordinary Shares and 20,498 C Ordinary Shares	Nil
Rutland CCLP	6,148 A Ordinary Shares and 296 C Ordinary Shares	201,857 Ordinary Shares
Rutland Park Avenue LP	2,686 A Ordinary Shares and 129 C Ordinary Shares	Nil

Mr David Reid Scott, chairman of Hawkpoint, is a participant in the Rutland Park Avenue LP fund and, therefore, has an indirect interest in approximately 13,310 Ordinary Shares.

- (j) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.
- (k) Save as disclosed in paragraph 7 below, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or material to the business of the Group and which was effected by the Company during the current or immediately preceding financial year or which was effected by the Company during any earlier financial year and remains in any respect outstanding or unperformed.
- (l) In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- (m) The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors is estimated to be approximately £814,000 for the current financial period ending 31 December 2006 under the arrangements in force at the date of this document.
- (n) No Director nor any member of his immediate family nor any persons connected with such persons (within the meaning of section 346 of the Act) has any financial product whose value is determined directly or indirectly by reference to the price of the Ordinary Shares, including a fixed odds bet.

6. Directors' service contracts and letters of appointment

- (a) John Nichols has entered into a service agreement with the Company dated 8 May 2006, which is subject to termination upon 12 months' notice by either party at any time. The agreement provides for an annual salary of £145,000. John Nichols is subject to a 12 month restrictive covenant upon termination of his employment, during which time he will not be entitled, *inter alia*, to work for a competing business or solicit or entice away from the Company any employee of any member of the Group or employ or engage any such employee in connection with a competing business. John Nichols is entitled to a bonus pursuant to a letter from the Company to John Nichols dated 8 September 2004. The letter provides that John Nichols is entitled to receive a bonus of £100,000 in the event of, *inter alia*, the Company being admitted to trading on AIM, provided that certain minimum investment returns are achieved by Rutland. The service agreement provides that any bonus payments paid to the Director are at the absolute discretion of the Board.
- (b) Laurent Genthialon has entered into a service agreement with the Company dated 8 May 2006, which is subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £105,000. Laurent Genthialon is subject to a 12 month restrictive covenant upon termination of his employment, during which time he will not be entitled, *inter alia*, to work for a competing business or solicit or entice away from the Company any employee of any member of the Group or employ or engage any such employee in connection with a competing business. The service agreement provides that any bonus payments paid to the Director are at the absolute discretion of the Board.

- (c) Stephen Fenerty has entered into a service agreement with the Company dated 8 May 2006, which is subject to termination upon 12 months' notice by either party. The agreement provides for an annual salary of £85,000. Stephen Fenerty is subject to a 12 month restrictive covenant upon termination of his employment, during which time he will not be entitled, *inter alia*, to work for a competing business or solicit or entice away from the Company any employee of any member of the Group or employ or engage any such employee in connection with a competing business. The service agreement provides that any bonus payments paid to the Director are at the absolute discretion of the Board.
- (d) Peter Middleton has entered into a letter of appointment with the Company dated 8 May 2006, which is subject to termination upon 3 months' notice by either party. The letter of appointment relates to the provision of services by Peter Middleton to the Company as Chairman and will be for a period of one year. The letter of appointment provides for Peter Middleton to receive £60,000 per annum for his role as Chairman of the Company. Peter Middleton previously received a total payment of £150,000 in respect of his role as Chairman in the financial year ended 31 December 2005. In consideration for entering into the new letter of appointment, the Company agreed to pay Mr Middleton a bonus of £90,000. Payment of these fees is to be made directly to a limited company (the majority shareholder of which is Peter Middleton).
- (e) Andrew Brown has entered into a letter of appointment with the Company dated 25 April 2006, which is subject to termination upon 3 months' notice by either party. The letter of appointment relates to the provision of services by Andrew Brown as a non-executive director of the Company and will be for an initial period of 3 years. The letter of appointment provides for Andrew Brown to receive £25,000 per annum for his role as non-executive director of the Company.
- (f) Peter McNamara has entered into a letter of appointment with the Company dated 25 April 2006, which is subject to termination upon 3 months' notice by either party. The letter of appointment relates to the provision of services by Peter McNamara as a non-executive director of the Company and will be for an initial period of 3 years. The letter of appointment provides for Peter McNamara to receive £25,000 per annum for his role as non-executive director of the Company.

Save as referred to in paragraphs 6(a) to 6(f) above, there are no service agreements, existing or proposed, between any of the Directors and the Company which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

7. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) *Placing Agreement*

The Company, certain Selling Shareholders, the Directors, the Company (as agent for the Optionholders), Hawkpoint and Numis have entered into the Placing Agreement pursuant to which Numis has conditionally agreed, *inter alia*, to seek to procure subscribers for the Placing Shares at the Placing Price.

The Placing Agreement is conditional, *inter alia*, upon Admission taking place on or before 8 May 2006 or such later date as Hawkpoint and the Company may agree but in any event not later than 22 May 2006. The Selling Shareholders will pay to Numis a commission of 4 per cent. on the sum of the Existing Shares and New Shares placed multiplied by the Placing Price, together with all costs and expenses and VAT thereon where appropriate. The Placing Agreement provides for the Company to pay all expenses of and incidental to the Placing and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the Placing, including printing, advertising and distribution charges, the fees of the Registrars and the fees payable to the London Stock Exchange.

The Placing Agreement contains certain limited warranties given by, *inter alia*, the Company and the Directors in favour of Hawkpoint and Numis, an indemnity from the Group in favour of Hawkpoint and

Numis and an indemnity (in relation to taxation) from certain of the Selling Shareholders to the Company.

The Directors have undertaken that, without the consent of Numis and Hawkpoint, they will not sell or otherwise dispose of, or agree to dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time from Admission until the date which is one month after the announcement of the interim results of the Company for the period ending 30 June 2007. In addition, each of Rutland Partners (on behalf of Rutland Fund A, Rutland CCLP, Rutland Park Avenue LP and Rutland Partnership), Barclays and the Company (as agent for the Optionholders) have undertaken that, subject to certain exceptions, without the consent of Numis and Hawkpoint, they will not sell or otherwise dispose of, or agree to dispose of, any of their respective interests in the Ordinary Shares held immediately following Admission at any time from Admission until the date which is one month after the date on which the Company's consolidated, audited accounts for the year ending 31 December 2006 are published. The lock-in arrangements described in this paragraph are subject to certain exceptions including, *inter alia*, where Ordinary Shares are disposed of to the Company pursuant to: (1) an offer made by the Company to purchase its own shares in compliance with the relevant provisions of the laws of England and Wales and the AIM Rules; and (2) in the case of the Directors only, the sale by each Director of up to one-third of the Ordinary Shares held by him at Admission (provided that such disposal is effected through Numis or in such other manner as Numis and Hawkpoint may reasonably approve or require for the purposes of maintaining an orderly market in the Ordinary Shares).

Hawkpoint and/or Numis may terminate the Placing Agreement in specified circumstances prior to Admission, principally in the event of a material breach of the Placing Agreement or of any of the warranties contained in it or where there is any change in national or international, financial, monetary, economic, political or market conditions which is, in the absolute discretion of Hawkpoint and Numis, likely to have an adverse effect on the financial or trading position or the business or prospects of the Company which is material in the context of the Group as a whole.

(b) *Nominated Adviser Agreement*

The Company and Hawkpoint have entered into the Nomad Agreement under which Hawkpoint has accepted its appointment as the Company's nominated adviser for the purpose of the AIM Rules. The agreement is conditional on Admission. Hawkpoint has the right to terminate the agreement in the event, *inter alia*, of a material breach of the Placing Agreement or the Nomad Agreement.

(c) *Broker Agreement*

The Company, the Directors and Numis have entered into the Broker Agreement under which Numis has accepted its appointment as the Company's broker for the purpose of the AIM Rules. Under the agreement the Company has agreed to retain Numis as its broker for a period of 12 months commencing on the date thereof unless terminated earlier in accordance with its terms, including, *inter alia*, if Numis fails to carry out any material obligation as broker thereunder after receiving not less than 30 days' prior written notice requesting it to do so or, if any representation or warranty made to Numis by or on behalf of the Company or any of the Directors in the agreement or the Placing Agreement is inaccurate or misleading in any material respect.

(d) *Current Banking Facilities – Senior Facilities Agreement*

A senior credit agreement (the "Senior Facilities Agreement") dated 8 September 2004 between (1) H&T Finance Limited, (2) Harvey & Thompson Limited, (3) the Company and (4) Barclays, pursuant to which Barclays offered (i) to H&T Finance Limited, a term loan facility in an aggregate amount of £13,000,000 ("Facility A"), (ii) to H&T Finance Limited and Harvey & Thompson Limited, a revolving loan facility in an aggregate amount of £22,000,000 ("Facility B"), (iii) to H&T Finance Limited and Harvey & Thompson Limited, a working capital facility in an aggregate amount of £1,200,000 ("Working Capital Facility A") and (iv) to H&T Finance Limited and Harvey & Thompson Limited, a working capital facility in an aggregate amount of £1,000,000 ("Working Capital Facility B"). The

facilities are made available for the purpose of (i) financing the consideration payable for the purchase by H&T Finance Limited of the entire issued share capital of the Harvey & Thompson Limited, (ii) financing costs incurred in connection therewith and (iii) refinancing the existing indebtedness of Harvey & Thompson Limited. Facility B and Working Capital Facility A could also be used towards general corporate purposes and Working Capital Facility B towards working capital requirements only. Borrowings under Facility A accrue interest at the aggregate of 2.25 per cent. and LIBOR, borrowings under Facility B and Working Capital Facility A accrue interest at the aggregate of 2 per cent. and LIBOR and borrowings under Working Capital Facility B accrue interest at 2.25 per cent. over the published base rate of Barclays. Default interest accrues at 1 per cent. above a deemed rate for each overdue loan of 2 per cent. and LIBOR. The interest rate for Facility A may be adjusted (either upwards or downwards) according to the performance by the Group companies against certain financial ratios. The Senior Facilities Agreement is based on the standard form LMA facility agreement and contains the usual events of default, representations, warranties, covenants and undertakings for facilities of this nature, including restrictions on the creation and existence of security, the creation of indebtedness, the disposal of assets and the incurrence of capital expenditure over a certain level (subject in each case to certain restrictions). The Senior Facilities Agreement also contains extensive financial covenants. Facility A is repayable in quarterly instalments, commencing on 31 March 2005 and ending on 31 December 2011, Facility B and Working Capital Facility A are repayable on the last day of the relevant loan's interest period and in any event on or before the earlier of 8 September 2007 or the repayment/prepayment/cancellation in full of Facility A and Working Capital Facility B is repayable on or before the earlier of 8 September 2007 or the repayment/prepayment/cancellation in full of Facility A, although various mandatory repayment and prepayment provisions may apply in certain circumstances.

An amendment and restatement agreement dated 31 March 2006 between (1) H&T Finance Limited, (2) Harvey & Thompson Limited, (3) the Company and (4) Barclays, under which the Senior Facilities Agreement was amended and restated, *inter alia*, (i) amending the available limit under Working Capital Facility A so that this is determined according to the value of outstanding Pay Day Loans (being loans of up to 30 days duration provided by any of the Company, H&T Finance Limited and Harvey & Thompson Limited and secured by the deposit of a cheque payable to that company with the valid cheque guarantee card number written on the reverse of the cheque), (ii) increasing the interest rate applicable to the Working Capital Facility A to the aggregate of 2.25 per cent. and LIBOR, (iii) amending the default interest rate to 1 per cent. above the normal interest rate (iv) amending the provisions in respect of the monitoring of Facility B and Working Capital Facility A and (v) replacing one of the loan to value financial covenants with a covenant in respect of the Pay Day Loans and amending the redemption rate financial covenant.

(e) *Current Banking Facilities – Working Capital Facility Letter*

An overdraft ancillary facilities letter (the "Existing Working Capital Facility Letter") dated 8 September 2004 between (1) Harvey & Thompson Limited, (2) H&T Finance Limited and (3) Barclays under which the Working Capital Facility B was made available and pursuant to which Barclays also provided H&T Finance Limited and Harvey & Thompson Limited with a BACS facility up to £500,000 monthly and £10,000 weekly and a CHAPS facility up to £250,000. Default interest accrues pursuant to the ancillary facilities letter at 4 per cent. over the published base rate of Barclays.

An amendment letter dated 31 March 2006 between (1) H&T Finance Limited, (2) Harvey & Thompson Limited and (3) Barclays under which, the Working Capital Facility B was amended so as to also include a guarantee and bonds facility up to £400,000 and a BusinessMaster Facility up to £100,000 daily and £200,000 weekly.

(f) *Current Banking Facilities – Mezzanine Credit Agreement*

A mezzanine credit agreement (the "Mezzanine Credit Agreement") dated 8 September 2004 between (1) H&T Finance Limited (2) the Company and (3) Barclays under which Barclays offered to H&T Finance Limited a term loan facility in an aggregate amount of £5,000,000 (the "Mezzanine Facility"). The Mezzanine Facility is made available for the purpose of (i) financing the consideration payable for

the purchase by H&T Finance Limited of the entire issued share capital of Harvey & Thompson Limited, (ii) financing costs incurred in connection therewith and (iii) refinancing the existing indebtedness of Harvey & Thompson Limited. Borrowings under the Mezzanine Facility accrue interest at the aggregate of the cash pay margin (being 4 per cent.), the PIK margin (being 4 per cent.) and LIBOR, save that the interest on the loan which represents the PIK margin shall not be paid on each interest period but shall only be paid on the repayment of the loan and default interest accrues at 1 per cent. above the aggregate of 2 per cent. and LIBOR. The Mezzanine Facility Agreement is based on the standard form LMA facility agreement and contains the usual events of default, representations, warranties, covenants and undertakings for facilities of this nature, including restrictions on the creation and existence of security, the creation of indebtedness, the disposal of assets (subject in each case to certain restrictions) and the incurrence of capital expenditure over a certain level. The Mezzanine Facility Agreement also contains financial covenants. The Mezzanine Facility is repayable in one instalment on 8 September 2011 although various mandatory repayment and prepayment provisions may apply in certain circumstances.

An amendment letter dated 31 March 2006 between (1) H&T Finance Limited, (2) the Company and (3) Barclays under which the terms of the Mezzanine Facility were amended (i) to change the rate of default interest to 1 per cent. above the normal interest rate and (ii) to make administrative changes to the definitions of “management” and “key-man”.

(g) *Current Banking Facilities – Loan Note Instrument*

A Loan Note instrument dated 8 September 2004 pursuant to which H&T Finance Limited created 15 per cent. unsecured Loan Notes 2011 in a maximum nominal amount of £14,500,000 (the “Loan Notes”). The Loan Notes were issued by H&T Finance Limited for subscription by The Rutland Partnership, Rutland Fund A, Rutland CCLP and Rutland Park Avenue LP (together, the “Investors”). Interest accrues on the Loan Notes at 15 per cent. per annum and is payable quarterly. The interest is capitalised and the principal and capitalised interest are unsecured and repayable in September 2011 although the noteholders may require H&T Finance Limited to repay the whole or any part of the Loan Notes (together with interest accrued thereon) following the date of which the Senior Facilities and Mezzanine Facility have been repaid.

(h) *Current Banking Facilities – Intercreditor Deed*

An intercreditor deed dated 8 September 2004 between (1) H&T Finance Limited (as borrower) (2) the Company and Harvey & Thompson Limited (as inter-company creditors and obligors), (3) Barclays (in various capacities) and (4) the Investors (defined above) containing provisions dealing with the ranking of debt owing to Barclays and the Investors and the priority of security, and provisions in respect of prohibited (and permitted) payments and prohibited security.

(i) *Current Banking Facilities – Guarantee and Debenture*

A composite guarantee and debenture dated 8 September 2004 between (1) the Company, (2) H&T Finance Limited, (3) Harvey & Thompson Limited and (4) Barclays pursuant to which the companies granted fixed and floating charges over all their assets to secure the obligations and liabilities of each of the companies under the Senior Facilities Agreement and associated documents and the Mezzanine Facilities Agreement and associated documents and pursuant to which each company guaranteed the payment by the others of the above liabilities.

(j) *Share Warrant*

A share warrant dated 8 September 2004 pursuant to which the Company created and issued a warrant to Barclays to subscribe for 41,667 D Ordinary Shares at an aggregate subscription price of £41,667. Barclays has the right to exercise the warrant upon the occurrence of any of (i) a change of control, being an event where the Investors cease to own 50 per cent. of the share capital of the Company, cease to have the right to determine the composition of the board of directors of the Company, or cease to have “control” of the Company (as defined in section 839 of ICTA), (ii) a disposal of all or substantially all the issued share capital of any of the Company, H&T Finance Limited or Harvey & Thompson

Limited or all or substantially all of their assets or (iii) the listing of any shares of any of the Company, H&T Finance Limited and Harvey & Thompson Limited on any recognised stock exchange or the sale or issue by way of flotation or public offering.

(k) *Amendment and Restatement Agreement*

An amendment and restatement agreement dated 2 May 2006 between (1) H&T Finance Limited, (2) Harvey & Thompson Limited, (3) the Company and (3) Barclays in various capacities, (the “Second Amendment and Restatement Agreement”) pursuant to which the Senior Credit Agreement will be amended and restated, *inter alia*, (i) to increase the amount of Facility A to £15,000,000, (ii) to increase the amount of Facility B to £29,000,000 for 3 years and £30,000,000 thereafter, (iii) to remove Working Capital Facility A and Working Capital Facility B and to make available a new working capital facility in an aggregate amount of £3,000,000 for 3 years and £2,000,000 thereafter (the “New Working Capital Facility”), (iv) to amend the purpose for which the facilities are made available, including H&T Finance Limited drawing the facilities to (a) repay all sums outstanding in respect of the Mezzanine Facility (including any break costs or other costs incurred in connection with such repayment), (b) repay all sums due to the Investors under the Loan Notes, (c) finance the costs incurred in connection with Admission, (v) to reduce the margin on loans made under Facility A to 1.65 per cent., on loans made under Facility B to 1.4 per cent. and borrowings under New Working Capital Facility to 1.65 per cent. The margin for Facility A, Facility B and the Working Capital Facility can be adjusted (either upwards or downwards) according to the performance by the group companies against certain financial ratios and (vi) in respect of Facility A to amend the quarterly instalments to commence on 30 September 2006 and end on the date being 5 years from the date on which the conditions precedent are satisfied, and the final repayment date of Facility B and the Working Capital Facility to be the date 5 years from the date on which the conditions precedent are satisfied. The amendments to the Senior Credit Agreement in the Second Amendment and Restatement Agreement will only become effective on the satisfaction of a number of conditions precedent. Many of these have been satisfied but a number remain outstanding including (i) Admission, (ii) the Company receiving the net proceeds of the issue of the New Shares in order to fund the repayment of the Loan Notes and (iii) no Material Default (which includes but is not limited to, failure to pay, cross default and insolvency) having occurred between the date the agreement is signed and all such conditions precedent having been satisfied.

(l) *Overdraft and Ancillary Facilities Letter*

A new overdraft and ancillary facilities letter (the “New Working Capital Facility Letter”) dated 2 May 2006 between (1) Harvey & Thompson Limited, (2) H&T Finance Limited and (3) Barclays replacing the Existing Working Capital Facility Letter on the amendments to the Senior Credit Agreement in paragraph 7(l) above becoming effective pursuant to which Barclays will provide the New Working Capital Facility, a BACS facility up to £1,000,000 monthly, guarantees and bonds of up to £400,000, a BusinessMaster Facility of up to £500,000, a company barclaycard facility of up to £78,000, a direct debit facility and a CHAPS facility up to £350,000. Default interest accrues at 4 per cent. over the published base rate of Barclays.

(m) *Intercreditor Deed*

A new intercreditor deed dated on or about 2 May 2006 between (1) the Company, (2) H&T Finance Limited, (3) H&T (as Group Companies), and (4) Barclays (in various capacities) replacing the intercreditor deed in paragraph 7(h) above on the amendments to the Senior Credit Agreement in paragraph 7(k) above becoming effective, containing provisions dealing with the ranking of debt owing to Barclays in its various capacities and the priority of security, and provisions in respect of prohibited (and permitted) payments and prohibited security.

(n) *Sale and Purchase Agreement relating to the entire issued share capital of Harvey & Thompson Limited*

On 8 September 2004 an agreement was entered into between H&T Finance Limited (1) and Cash America International Inc (2) for the purchase of the entire issued share capital of Harvey & Thompson Limited. The consideration for the acquisition was £43,692,903 on the basis that Harvey & Thompson Limited was acquired on a cash free and debt free basis. The agreement contained a provision requiring

the preparation of completion accounts and contained an adjustment mechanism to the extent that Harvey & Thompson Limited was not free of cash and debt as at the date of completion.

The agreement also contained usual commercial warranties concerning the past and present activities of H&T Limited. In the case of a claim under the tax warranties the agreement provided a time limit of 7 years from completion and in the case of any other claim a time limit of 30 April 2006. The total aggregate liability of the vendor (absent dishonesty, fraud, wilful misconduct by the vendor) was equal to the amount of consideration payable after adjustment. The agreement included a two year restrictive covenant preventing the vendor from competing with the business carried out by the target company.

As part of the above acquisition Harvey & Thompson Limited entered into a transitional services agreement and a software licence agreement with Cash America International Inc on 8 September 2004. Pursuant to the terms of the licence agreement certain propriety software has been licensed to Harvey & Thompson Limited on the basis of a perpetual royalty free licence. The transitional services agreement provides for certain transitional support to be provided to Harvey & Thompson Limited to transition the source code of this software from Cash America International Inc to Harvey & Thompson Limited. Pursuant to the terms of an amendment agreement entered into between Cash America International Inc and Harvey & Thompson Limited the term of the services under this transitional agreement were extended to 1 October 2006.

(o) *Subscription and Shareholders' Agreement*

On 8 September 2004 a subscription and shareholders' agreement was entered into between Rutland Partners (1), The Rutland Partnership (2) Rutland Fund A (3) Rutland CCLP (4) Rutland Park Avenue LP (5) John Nichols (6) John Hughes (7) and the Company (8) in connection with the acquisition of Harvey & Thompson Limited referred to in paragraph 7(1). John Nichols and John Hughes gave certain warranties to the above Rutland entities which would be typical in an agreement of this nature. Laurent Genthialon and Steve Fenerty became parties to this agreement pursuant to the terms of two separate deeds of adherence entered into on 23 June 2005.

(p) *Sale and Purchase Agreement relating to the jewellery and pawn broking business of Sunclare Trading Limited*

On 16 May 2005 an agreement was entered into between the Company (1) and Sunclare Trading Limited (2) and Greg Tyne (3) pursuant to which Harvey & Thompson Limited acquired the jewellery and pawn broking business of Sunclare Trading Limited as carried out at premises at 12 High Road, Wood Green, London. The consideration for the business was £380,000 payable in cash at completion. The agreement contained a provision requiring an adjustment to be made to the initial consideration equal to an amount by which the value as determined at completion of the pledged stock and retail stock to be acquired was more or less than their respective values stated in the agreement. There was also an adjustment to the consideration in respect of rental and service charge arrears under the lease of the premises at 12 High Road together with a deduction in respect of stamp duty payable on the lease of the property. The agreement contained warranties typical to an agreement of this nature. The agreement contained a three year restrictive covenant preventing the vendor from competing with the business carried out by the target company within a 10 mile radius of the premises.

(q) *Software development agreement with Triangle Services Limited*

On 16 March 2006 Harvey & Thompson Limited entered into a software development agreement with Triangle Services Limited ("Triangle"). Pursuant to the terms of the agreement Triangle have been contracted to develop bespoke software in accordance with detailed specifications agreed between the parties, install and test this software and provide software support services. The developed software will carry a six month warranty that it will conform with the agreed specifications in all material respects for a period of six months following acceptance by H&T of the software. Under the agreement Triangle's liability is capped at £1,000,000 in respect of damage to the tangible property of H&T caused by the negligence of Triangle or its employees or, in the case of any other breach of contract, representation, statement or tortious act or omission arising under the agreement, the aggregate of the charges paid by H&T up to the date of such event.

8. Related party transactions

The Company has entered into the following transactions with related parties:

- (a) in the financial year ended 31 December 2004, the Company executed a loan note instrument and issued loan notes in aggregate nominal value of £14.5 million to The Rutland Partnership (£6,915,253), Rutland Fund A (£7,430,439), Rutland CCLP (£107,394) and Rutland Park Avenue (£46,913);
- (b) in the financial year ended 31 December 2004, Rutland Partners provided management services to the Group at a cost of £36,355;
- (c) in the financial year ended 31 December 2004, the Group incurred transaction fees of £308,000 payable to Rutland Partners in relation to the Buy-Out; and
- (d) in the financial year ended 31 December 2005, Rutland Partners provided management services to the Group at a cost of £108,756.

Save as set out in this paragraph 8, the Company has not entered into any other related party transactions which are material to the Company.

9. Taxation

The following statements are intended as a general guide only to the position under current UK taxation legislation and what is understood to be HMRC practice as at the date of this document. They only apply to Shareholders who are resident and, in the case of individuals, ordinarily resident for UK tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of them. They do not apply to certain types of shareholders, such as insurance companies, collective investment schemes, dealers in securities and shareholders who have (or are deemed to have) acquired their Ordinary Shares by reason of or in connection with an office or employment.

Any person who is in any doubt about his/her own tax position, or who is resident in or subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser without delay.

Dividends

- (a) The Company is not currently required to withhold at source any amount in respect of UK tax from any dividend paid by the Company.
- (b) An individual Shareholder who is resident in the UK for UK tax purposes will be generally entitled to a tax credit in respect of any dividend received from the Company and will be taxable on the aggregate of the dividend received and the tax credit (the "gross dividend") The value of the tax credit is currently one ninth of the amount or value of the dividend received (or 10 per cent. of the gross dividend). The gross dividend is treated as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the gross dividend at the higher rate on dividends (currently 32.5 per cent.) less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the income tax payable on the dividend by an individual liable to income tax at the higher rate in respect of the whole amount of the dividend would be 32.5 per cent. of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.
- (c) Subject to certain exceptions, a Shareholder which is a company resident for tax purposes in the UK is not taxable on a dividend paid by the Company and received by that Shareholder and is not generally able to claim payment of the tax credit attaching to the dividend.
- (d) There will be no payment of the tax credit or any part of it to an individual whose liability to income tax on the gross dividend is less than the related tax credit.

- (e) Shareholders who are resident in the United Kingdom for tax purposes and who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim any payment of the tax credit in respect of dividends paid by the Company.
- (f) The right of a Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the Company and/or to claim payments of any part of that tax credit will usually depend upon the existence and terms of any double taxation convention between the UK and the jurisdiction in which the Shareholder is resident for tax purposes. However, where a non-UK resident Shareholder is entitled to claim payment of any part of a tax credit, the amount payable will generally be less than one per cent. of the dividend to which it relates.
- (g) A Shareholder who is not resident in the UK for tax purposes should consult his own tax adviser concerning his liabilities on dividends received, whether he is entitled to claim any part of the tax credit and, if he is so entitled, the procedure for doing so. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under the law of the relevant jurisdiction.

Chargeable gains

- (h) A disposal of Ordinary Shares by a Shareholder may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.
- (i) Taper relief may be available to an individual Shareholder, which may operate to reduce the percentage of any gain which becomes chargeable on the disposal of Ordinary Shares provided that such Shareholder has retained those new Ordinary Shares for the relevant period.
- (j) A Shareholder who is neither resident nor, in the case of an individual, ordinarily resident in the UK will not be liable for UK tax on chargeable gains realised on the disposal of his/her Ordinary Shares unless such Shareholder carries on:
 - (i) (in the case of a non-corporate Shareholder), a trade, profession or vocation in the UK through a branch or agency and has either (1) used, held or acquired the new Ordinary Shares in or for the purposes of such trade, profession or vocation, or (2) used or held the Ordinary Shares for the purposes of the branch or agency or acquired them for use by or for the purposes of the branch or agency; or
 - (ii) (in the case of a corporate Shareholder) a trade in the UK through a permanent establishment and has either (1) used the Ordinary Shares in or for the purposes of the trade or (2) has used or held the new Ordinary Shares for the purposes of such permanent establishment or acquired them for use by or for the purposes of the permanent establishment.
- (k) However, a Shareholder who is an individual and who is only temporarily resident outside the UK for UK tax purposes at the date of a disposal of Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident or ordinarily resident in the UK again, in respect of disposals made while he was temporarily resident outside the UK, subject to any available exemption or relief.

Stamp duty and stamp duty reserve tax ("SDRT")

- (l) Generally, no liability to stamp duty or SDRT will arise on the allotment and issue of new Ordinary Shares by the Company pursuant to the Placing, except in the case of new Ordinary Shares issued to issuers of depositary receipts or providers of clearance services (as to which see below). However, the Company will not be paying any stamp duty or SDRT that may arise (in particular, pursuant to the provisions of sections 67, 70, 93 or 96 of the Finance Act 1986).
- (m) SDRT is a liability of the purchaser, however, the arrangements described in this paragraph 9(m) have been made for the discharge of stamp duty and SDRT which may arise on the transfer of existing Ordinary Shares pursuant to the Placing. Any stamp duty or SDRT payable by transferees in respect of the purchase of existing Ordinary Shares will be paid by the Selling Shareholders. Transferees therefore

need take no action with regard to such stamp duty or SDRT. These arrangements do not apply to any charge to stamp duty or SDRT under sections 67, 70, 93 or 96 of the Finance Act 1986.

- (n) Any subsequent dealings in new Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Ordinary Shares will usually be liable to *ad valorem* stamp duty, at the rate of 0.5 per cent. (rounded up, if necessary to the next multiple of £5) of the amount or value of the consideration paid. Where share are transferred stamp duty is normally paid by the purchaser or transferee of the Ordinary Shares. Generally, an unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duly stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.
- (o) Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to HMRC by CRESTCo.
- (p) Where new Ordinary Shares are issued or transferred to issuers of depositary receipts or providers of clearance services (or their nominees or agents), stamp duty or SDRT (as appropriate) may be payable (in the case of stamp duty) at the rate of 1.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration provided or (in the case of SDRT) at the rate of 1.5 per cent. of the amount or value of the consideration payable (if in money or money's worth) or the value of the new Ordinary Shares. Where such stamp duty or SDRT (as appropriate) is payable, such amounts may be charged by the depositary or clearance service to the Shareholder to whom the new Ordinary Shares would otherwise have been issued or to whom the new Ordinary Shares are being transferred. Clearance services may opt, under certain conditions, for the normal rates of stamp duty and SDRT to apply to a transfer of shares into, and to transactions within, the service. Where this is the case, the above charge at the higher rate of 1.5 per cent. will not apply to an issue or transfer of shares into that clearance service.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it.

Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will generally not give rise to stamp duty or SDRT.

10. Investments

There are no investments to be made by the Company in the future in respect of which firm commitments have been made. Save for the acquisition of the entire issued share capital of the Company, the Company has made no investments since the date of its incorporation.

11. Property and environmental issues

The Group's principal establishment is at its leasehold premises at Times House, Throwley Way, Sutton, Surrey SM1 4AF. The Company is not aware of any environmental issues affecting its use of its principal establishment.

12. Dependence on patents and licences

The Directors believe that the Company has no material dependence on any patent or licence for the generation of future revenues.

13. Working capital

In the opinion of the Directors, having made due and careful enquiry and having regard to the bank facilities available to the Group and the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

14. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

15. Corporate Governance

Remuneration Committee

The Remuneration Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Peter McNamara (Chairman)
- Peter Middleton
- Andrew Brown

The Committee meets at least once in each year and at such other times as the Chairman of the Committee sees fit.

The Chairman of the Committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the Committee is two.

The duties of the Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, executive Directors and any employees that the Board delegates to it;
- within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- in determining individual packages and arrangements, give due regard to the comments and recommendations of the Combined Code and the Listing Rules;
- be told of and be given the chance to advise on any major changes in employee benefit structures in the Company;
- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined;
- agree the policy for authorising claims for expenses from the Chief Executive and from the Chairman of the Board; and
- recommend an annual report for the Board to put to Shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The Committee is authorised by the Board to:

- seek any information it requires from any employee of the Company in order to perform its duties;
- be responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the Committee, at Company's expense; and
- obtain, at the Company's expense, outside legal or other professional advice where necessary in the course of its activities.

Audit Committee

The Audit Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Andrew Brown (Chairman) - Chartered Accountant
- Peter Middleton
- Peter McNamara

The Audit Committee reviews each year the arrangements for safeguarding auditor objectivity and independence. The Audit Committee reviews the scope, results and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors. The Audit Committee is responsible for satisfying itself on the independence of internal auditors and on the independence and objectivity of external auditors. The Committee reviews the operation of internal controls and, from the coming year, will report to the Board on the annual review of the internal control and risk management.

Nomination Committee

The Nomination Committee comprises three independent Non-Executive Directors of the Company. The members of the Committee are:

- Peter Middleton (Chairman)
- Peter McNamara
- Andrew Brown

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of Non-Executive Directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

16. General

- (a) Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 31 December 2005.
- (b) Deloitte & Touche LLP has given and not withdrawn its written consent to the inclusion of the accountant's report in Part IV in the form and context in which it appears.
- (c) Hawkpoint, which is regulated by the FSA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the forms and contexts in which it appears.

- (d) Numis, which is regulated by the FSA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the forms and contexts in which it appears.
- (e) The total costs and expenses of and incidental to the Placing which are payable by the Company, are estimated to amount to approximately £3.4 million (including VAT), which includes approximately £1.3 million payable to financial intermediaries.
- (f) Save for the licence of software required to operate the Company's point of sale system licensed to the Group by Cash America International Inc (please see paragraph 7 of this Part VI), there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Group's business.
- (g) There are no arrangements under which future dividends are waived or agreed to be waived.
- (h) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Statutory accounts for the Company have been delivered to the Registrar of Companies for each of the two years ended 31 December 2004 and 2005. Statutory accounts for Harvey & Thompson Limited have been delivered to the Registrar of Companies for each of the three years ended 31 December 2003, 2004 and 2005. The Company acquired Harvey & Thompson Limited on 8 September 2004. The consolidated financial information relating to the year ended 31 December 2003 and the following interim period ended 7 September 2004 contained in Part IV of this document has been compiled on the basis of statutory accounts of Harvey & Thompson Limited for that period. Auditors' reports in respect of the statutory accounts of the Company and Harvey & Thompson Limited for each such year have been made under section 235 of the Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the Act.
- (i) The Ordinary Shares will only be traded on AIM.
- (j) Except for fees payable to the professional advisers whose names are set out in this document, payments to trade suppliers or as otherwise set out in this document, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- (k) Where information in this document has been sourced from a third party, such information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- (l) The ISIN for the Ordinary Shares is GB00B12RQD06.
- (m) Certain employees of the Company have exercised options over C Ordinary Shares, conditional upon Admission. As part of the placing, the following employees will each sell the following number of Ordinary Shares: Alan Lilley, 124,000; Ken Vaughan, 112,000; Wendy Longman, 182,000; Andy Curran, 11,200; Mark Harrold, 8,000; John Paterson, 10,500; Ellen Cocking, 11,200; Janice Harrison, 11,200; Steve Holland, 11,200; Bernard Mooney, 10,500; Zoe Parry, 11,200; Christine Wilkins, 11,800; and Tim Moody, 11,800. The business address for each of the above Selling Shareholders is Times House, Throwley Way, Sutton SM1 4AF.

The Rutland Partnership, Rutland Fund A and Rutland Park Avenue LP will sell 8,298,320, 8,916,520 and 56,300 Ordinary Shares respectively. The business address for each is Rutland House, Rutland Gardens, London SW7 1BX. As set out in paragraph 5(i) of Part IV of this document the above Selling Shareholders are the holders of certain Loan Notes.

Barclays has exercised its warrant to subscribe for 41,667 D Ordinary Shares, conditional upon Admission. As part of the Placing, Barclays will sell 833,340 Ordinary Shares. Barclays are the current

and proposed new funders to the Company. The business address for Barclays is 27th Floor, 1 Churchill Place, London E14 5HP.

- (n) Rutland CCLP has agreed, conditional on Admission only, to capitalise £135,703, being a proportion of the principal and accrued interest outstanding under the Loan Notes, by way of the issue to it by the Company of 78,897 Ordinary Shares at the Placing Price.

17. Availability of documents

Copies of this document will be available free of charge to the public at the offices of Eversheds at Senator House, 85 Queen Victoria Street, London, EC4V 4JL, during normal business hours on any weekday (Saturdays and public holidays excepted) until close of business on the date falling one month from the date of Admission.

DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless the context otherwise requires:

“Act” or “Companies Act”	the Companies Act 1985 (as amended by the Companies Act 1989)
“Admission”	admission of the entire ordinary share capital of the Company issued and to be issued pursuant to the Placing, to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	AIM, a market operated by the London Stock Exchange plc
“AIM Rules”	the AIM rules for companies published by the London Stock Exchange, as amended
“A Ordinary Shares”	A ordinary shares of £1 each in the capital of the Company
“Approved Scheme” or “CSOP”	the H&T plc Company Share Option Scheme
“Articles”	the articles of association of the Company which take effect from Admission as described in paragraph 3 of Part VI of this document
“Audit Committee”	a committee of the Board appointed to consider matters relating to financial controls and reporting
“B Ordinary Shares”	B ordinary shares of £1 each in the capital of the Company
“Barclays”	Barclays Bank plc
“Board of Directors” or “Board”	the board of directors of the Company as constituted from time to time
“Broker Agreement”	the agreement entered into by the Company and Numis, details of which are set out in paragraph 7 of Part VI of this document
“Buy-Out”	the management buy-out led by John Nichols in 2004, backed by funds managed by Rutland Partners and Barclays
“CAGR”	compound annual growth rate
“C Ordinary Shares”	C ordinary shares of £1 each in the capital of the Company
“Certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“City Code”	The City Code on Takeovers and Mergers from time to time amended and interpreted by the Panel on Takeovers and Mergers
“Combined Code”	the Principles of Good Governance and Code of Best Practice maintained by the Financial Reporting Council
“Company” or “H&T”	H&T Group plc, a company incorporated in England and Wales with registered number 5188117
“Company Secretary”	the company secretary of the Company
“Consumer Credit Act” or “CCA”	the Consumer Credit Act 1974, which is expected to be amended by Consumer Credit Act 2006
“CREST”	the computerised settlement system operated by CRESTCo Limited which facilitates the transfer of shares
“D Ordinary Shares”	D ordinary shares of £1 each in the capital of the Company

“Disposition”	a process by which H&T sells its forfeited pledge items via retail, auction or scrap. When referring to Disposition revenue, auction revenues are included as part of PSC revenues
“Directors”	the directors of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“Existing Shares”	the Ordinary Shares resulting from the redesignation of A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares described in paragraph 2(f) of Part VI of this document
“FSA”	the Financial Services Authority
“H&T Finance”	H&T Finance Limited, a company incorporated in England and Wales with registered number 5188120
“H&T Group” or “Group”	the Company and its subsidiary undertakings
“Hawkpoint”	Hawkpoint Partners Limited, a company incorporated in England and Wales with registered number 3875835 and authorised and regulated by the Financial Services Authority
“HMRC”	Her Majesty’s Revenue & Customs
“ICTA”	the Income and Corporation Taxes Act 1988
“Loan Notes”	the £14.5 million in nominal value of 15 per cent. unsecured loan notes 2011 issued by the Company and held by funds managed by Rutland Partners and which, subject to Admission, are being redeemed
“London Stock Exchange”	London Stock Exchange plc
“Material Default”	a material default under the Second Amendment and Restatement Agreement as further described in paragraph 7 of Part VI of this document
“Mezzanine Facility” or “Mezzanine Debt”	current term loan facility in an aggregate amount of £5,000,000 offered by Barclays to H&T Finance
“Model Code”	London Stock Exchange rules for directors dealings in shares of their own company
“Money Service Business” or “MSB”	a business which carries out bureau de change, transferring a customer’s money, or third party cheque cashing
“Net Revenues”	Gross profit, namely gross revenues net of cost of sales and net provisions/write-offs; set out in Part IV of this document, this is referred to as “Gross Profit”
“New Shares”	new Ordinary Shares in the capital of the Company to be issued pursuant to the Placing
“Nominations Committee”	a committee of the Board appointed to consider the size, structure and composition of the Board
“Nomad Agreement”	the agreement entered into by the Company and Hawkpoint details of which are set out in paragraph 7 of Part VI of this document

“Numis”	Numis Securities Limited, a company incorporated in England and Wales with registered number 2285918 and authorised and regulated by the Financial Services Authority
“OFT”	the Office of Fair Trading
“Official List”	the official list of the London Stock Exchange
“Optionholders”	means those persons holding options immediately prior to Admission over C Ordinary Shares under the H&T Group Limited Executive Share Option Scheme
“Ordinary Shares”	ordinary shares of 5p each in the capital of the Company from time to time
“Pawn Service Charge” or “PSC”	pawn service charge, as described in the section entitled “Pawnbroking” in paragraph 4 of Part I of this document
“Placing”	the placing by Numis, under the terms of the Placing Agreement of 17,836,980 Existing Shares and 10,573,469 New Shares as described in Part III of this document
“Placing Agreement”	the agreement dated 2 May 2006 between <i>inter alia</i> (1) the Company, (2) the Company as agent for the optionholders, (3) the Directors, (4) Rutland Partners, (5) Barclays Bank Plc, (6) Numis and (7) Hawkpoint, further details of which are set out in paragraph 7 of Part VI of this document
“Placing Price”	the price of 172p per Ordinary Share
“Pledge Book”	the principal amount lent of pledged items in the pawnbroker’s possession
“Placing Shares”	Ordinary Shares which are the subject of the Placing
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Remuneration Committee”	a committee of the Board appointed to deal with the remuneration and incentives of the Directors and senior management
“Rutland Partners”	Rutland Partners LLP, a limited liability partnership created in England and Wales and regulated by the Financial Services Authority
“Selling Shareholders”	the Shareholders of the Company selling Ordinary Shares in the Placing
“Shareholder”	a holder of Ordinary Shares in the capital of the Company
“Share Option Schemes”	the Approved Scheme and the Unapproved Scheme
“Surplus”	the net proceeds from disposal, for items over £75, which are returned to the customer after deducting the principal lent, the accrued interest and the selling expenses
“Unapproved Scheme”	the H&T Group plc 2006 Unapproved Share Option Scheme
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia



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